RIVERSIDE EDUCATIONAL MONOGRAPHS

THE TEACHER AND OLD AGE

PROSSER

Riverside Educational Monographs
EDITED BY HENRY SUZZALLO
PROFESSOR OF THE PHILOSOPHY OF EDUCATION
TEACHERS COLLEGE, COLUMBIA UNIVERSITY

THE TEACHER AND OLD AGE

BY

CHARLES A. PROSSER
SECRETARY, NATIONAL SOCIETY FOR THE PROMOTION
OF INDUSTRIAL EDUCATION

WITH THE COLLABORATION OF

W. I. HAMILTON
AGENT, MASSACHUSETTS BOARD OF EDUCATION

HOUGHTON MIFFLIN COMPANY
BOSTON, NEW YORK AND CHICAGO
The Riverside Press Cambridge

The Riverside Press
CAMBRIDGE . MASSACHUSETTS
U . S . A

CONTENTS

INTRODUCTION

By David Snedden
Commissioner of Education for the State of Massachusetts.

The calling of the public-school teacher is not yet, in America, a profession. But everywhere the earnest friends of education are striving to transform teaching from a temporary and often casual employment into a vocation exhibiting something of the systematic preparation, the stability, the progressiveness, and the dignity of a profession.

Some of the means that have been found helpful in improving the professional status of the teacher are: professional training, both before and during service; state certification; more permanent tenure; skilled supervision; promotion to higher rank or salary on the basis of merit; and more attractive financial compensation for work done.

Many educators and other students of social economy now believe that the systematic provision of retirement allowances for superannuated or otherwise incapacitated teachers will operate in a variety of ways toward making teaching a more attractive and a more serviceable calling. Confessedly, many factors in the situation are yet obscure, for we know little that is conclusive about the problems of social psychology involved.

Experience shows that no public employment will resolutely dismiss faithful servants who have become incapacitated, if these possess no resources to fall back upon. But in no other field, probably, is it so hard, as it is in the public-school service, to find minor positions which aged and broken workers can take up, without sacrificing their self-respect; and certainly it would be hard to find a department in which the ailing or decrepit worker can do greater harm, than in the schoolroom where, perhaps, twoscore eager, restless children, with all their possibilities of malformation of mind and character, must spend precious years of their lives. It is, therefore, of the utmost importance that the teaching service, which has now nearly five hundred thousand employees, and on which is expended nearly $500,000,000 annually, should be enabled to provide humane and satisfactory retirement to workers who can no longer render the grade of service required. It is useless to argue that school boards should retire unserviceable teachers, no matter what their financial circumstances may be; practically, and humanly, they do not, and will not, do so.

Another object contemplated in a teachers' retirement system is to give to those still in the active period of their service a sense of security, and opportunity for undivided attention to the calls of the profession. Teachers in general, and especially those most capable of single-minded interest in the service, are, for temperamental and other reasons, at a disadvantage in making investments, except such as yield lowest returns. There can be little doubt that society will gain by any successful attempt to render the teacher more secure as to her future and less preoccupied with the worry of business affairs during active service. The realization of such a condition will also weigh with those persons who have most to contribute to the profession of teaching, and will encourage them to enter and to remain in this calling.

In all civilized countries the principles of compulsory social insurance are finding application in public and in private employment. Many careful students are convinced that inevitably social insurance will soon prevail universally. The teaching profession is seemingly one of the forms of employment to be soonest considered in this respect.

Two fundamental principles lie at the bottom of social insurance. The first is that by each individual, or on his behalf, during the period of life when he is capable of producing more than a bare subsistence, provision shall be made compulsorily against one or more of such future contingencies as death, accident, disease, superannuation, and unemployment, whereby his productive power is stopped or reduced to the possible harm of himself or those dependent upon him. The second is that the making of this provision shall be required and, under some circumstances, assisted by the collective will speaking through the State, which will also guarantee the secure investment and conservation of the contributions made by the individual.

From the standpoint of these principles of social economy which underlie social insurance, the conditions surrounding the teacher's profession which seem to justify proposals for a retirement system actually differ in degree only, and not in kind, from the conditions surrounding other public and private callings. In the present rapidly developing demand for more efficient public education, it is, of course, socially expedient that everything possible shall be done to encourage the most capable people to enter upon teaching as a career, to give to it all the training and devotion possible, to follow it with undivided interest, and to retire willingly when their effectiveness shall have become impaired. Hence, the widespread popular interest in teachers' retirement systems at the present time in almost all educationally progressive states in the country.

In enacting legislation for teachers' retirement systems there is a peculiar need of statesmanship of a high and far-seeing order. In few other fields is there so great danger that immediate and individual considerations will obscure the larger issues involved. It is said that old teachers are too poor to make contributions; that teachers are not paid what they are worth; that teachers, not yet old, but in broken health, should be enabled to retire on a fair allowance; that retirement allowances should be sufficient to maintain the accustomed standard of living; that teachers should not be compelled to retire until they themselves think they have become inefficient; — these, and a hundred other incidental and conflicting considerations, are liable to overshadow the main principles involved. Quite naturally, in view of the history of pensions, the "straight pension" from the State is the first goal of the teacher's efforts. But as to-day viewed by the best students of social insurance, the "straight pension" from the State is like the unwise charity which suggested the parody "It is twice cursed — it curseth him that gives, and also him that takes." In the estimation of the writer, at least, there is imminent danger in the disposition of teachers' organizations to advocate the principle of the non-contributory retirement allowance — the so-called "straight pension." Surely nothing will serve better as an index of the professional character of teachers and their organizations than their ability to rise superior to special and temporary interests where proposals to found a lasting system of social insurance for teachers are under consideration. Vested rights seem to accrue dangerously fast here when once legislation is enacted, and it is long and slow work to undo the effects of a bad system once established.

The principles and laws described in Mr. Prosser's monograph have been developed only after prolonged study and experimentation. That so extensive a presentation is possible at the present time indicates the complex development of the subject. It is certainly to be hoped that Mr. Prosser's careful work will receive its due consideration from those engaged in the future in promoting legislation for teachers' retirement systems.

THE TEACHER AND OLD AGE

I

PRESENT EXTENT OF TEACHERS' PENSIONS AND ANNUITIES[1]

TEACHERS' annuities and retirement allowances, supported wholly or partly by the public, have been extensively developed in European countries during the last quarter of a century. All the states of the German Empire, Austria-Hungary, Switzerland, Denmark, Norway, Sweden, Belgium, France, together with Italy and Great Britain, pay annuities to teachers of elementary schools. All of these countries, with the addition of Spain, Portugal, Greece, and Russia, provide pensions of one kind or another for teachers of secondary education.

The schemes of these nations differ widely as to the way in which the annuity is supported, its

[1] Throughout this discussion the word "annuity" is used to describe the retirement allowance purchased in part or entirely by the contributions of the beneficiary; "pension" to describe the allowance purchased entirely by those of the public; "retirement allowance" to include both "annuity" and "pension."

amount, and the conditions as to age and length of service under which it is granted. In some countries the cost of these allowances is met entirely by the public, and in others in part by assessments upon the teachers, the former being the more frequent plan. The contribution of the public is met in some cases by the state, and in others by the joint support of the state and the local community, the latter being the usual practice. The annuity paid upon retirement varies from ten to one hundred per cent of the last salary earned by the beneficiary, the average minimum allowance being usually about one third and the average maximum about two thirds of the teacher's wage at the time of retirement. The number of years of service which the teacher must give before he becomes eligible to an allowance because of disability is usually ten, and the age at which he may be required to withdraw from the service and accept the annuity or pension is in most countries sixty-five years.

Protection is usually afforded against old age and incapacity. In some countries, notably in Germany, a part of the claims of the beneficiary are transferred to the wife and children. Membership in the scheme is confined to those who are in some way connected with the profession of teaching. Distributions are made in the form of annuities, and never in the form of lump sums. The withdrawal equity, whereby the teacher secures the return of at least a part of his own contributions, is recognized in all the funds that are supported partly by dues. In general the allowance of the teacher is larger when the support is joint, and a marked tendency in the later schemes has been to require partial support of the annuity by the beneficiary, in keeping with the spirit and practice of compulsory insurance against old age and invalidism.

Almost everywhere in Europe the state systems of teachers' retirement allowances are strengthened by schemes of certification standardizing the qualifications which the employees of the public schools must have on entering the service. In this way many of the unfit are eliminated, who otherwise might be attracted to the work by the pension or annuity. Realizing that the retirement allowance succeeds in its purpose only as it is able to attract and hold competent teachers in the schools, laws and administrative regulations have been passed which insure permanent tenure to the capable instructor, and work toward securing the dismissal of the incompetent.

While the results are necessarily difficult to measure, the prevailing belief in European nations is that retirement allowances for teachers are a good business investment, because they have improved the teaching service in the schools more than would an equal expenditure in any other way, while at the same time thrift has been promoted, compulsory saving has been advanced, and the state has protected itself, to some extent at least, against the social burden of supporting some old teachers at the close of their period of usefulness in the classroom.

Retirement allowances for teachers, like those for every other class, are, practically speaking, innovations in this country. The schemes through which they are supported and bestowed are not only of a variable type, but also experimental and imperfect. The areas in which these systems are in operation are almost negligible in comparison with the territory in which no teachers' retirement schemes obtain; yet, from the standpoint of the population and the number of teachers affected, the growing prevalence of annuities and pensions to worthy teachers is startling to those who have never had the statistics placed before them.

Twenty-three states have legislated, to a greater or less extent, upon the question of teachers' retirement allowances, nine of which, having a population of almost twenty-three million people and employing upwards of seventy thousand teachers, have complete state retirement systems covering every public-school teacher within their boundaries. Nineteen of the largest cities in the country, having more than one ninth of our total population and employing one twelfth of our entire force of public-school teachers, support teachers' retirement ventures of varying type, created and regulated by state enactment. More than thirty-five per cent of our population enjoy the educational benefits to be derived from such funds, while thirty per cent of the entire teaching force of the public schools of the United States have the opportunity to protect themselves against one or more of the five great risks of life.

As has been pointed out, state-wide teachers' retirement systems have been set up by ten states, —Maryland, New Jersey, Rhode Island, New York, Virginia, Arizona, Vermont, Maine, Massachusetts, and California. All of these, save Maryland, Rhode Island, Arizona, and Maine, which have pension schemes supported entirely by the state, are ventures in compulsory insurance, the beneficiary being required to support the fund, in part at least, by dues. When this compulsory insurance for teachers was inaugurated, membership was made optional for those already in the service and obligatory for all those entering the service after a given date. No distinction is made between old teachers and new teachers as to either dues or annuity, save in New Jersey, where the new teachers are assessed two per cent of their salary, while the dues of old teachers range from two to three per cent on a sliding scale based on years of service.

In all of these state systems, the benefits are limited to those employed as teachers, usually including supervisors and superintendents. Virginia and Maine do not cover county or city superintendents. In Maryland, New Jersey, Rhode Island, New York, and Maine, teachers in state normal schools are included in the scheme. Nowhere are employees of the schools, other than those engaged in teaching or the supervision of teaching, recognized. Everywhere the tendency in the legislation has been to provide a retirement allowance for all persons employed in the profession of teaching by schools supported at public expense.

Maryland, Rhode Island, Arizona, and Maine give entire support to their schemes through appropriations from the state treasury made from time to time when necessary. New York assesses dues of one per cent on the salary of the teachers, meeting the remainder of the expense out of the state treasury supplemented by gifts, donations, and legacies. Virginia, with a similar plan, limits to five thousand dollars the annual appropriation to be made by the legislature, if any appropriation is necessary; and Vermont, to ten thousand dollars. New Jersey has a system of retirement allowances for teachers whereby the beneficiary practically supports a state annuity and the state pays a pension; the commonwealth paying the administrative expenses of the system, leaving the teachers to maintain the annuity fund by an assessment upon salaries ranging from two to three per cent, supplemented by gifts, donations, legacies, and the interest of such invested funds.

Maryland gives a straight pension of two hundred dollars per year. All the others base the retirement allowance in some way on the teacher's salary at or about the time of retirement. In New Jersey the state system calculates annuities on the basis of sixty per cent of the average annual salary for five years preceding retirement. This annuity must not be less than two hundred and fifty dollars nor more than six hundred and fifty dollars. Local pension systems supported entirely by the communities of New Jersey pay a retired teacher a pension equal to fifty per cent of the average annual salary during the last five years of service. New York, Rhode Island, and Virginia provide annuities equal to fifty per cent of the average annual salary for five years preceding retirement.

New York sets a minimum of two hundred dollars, below which the annual allowance may not go, and no teacher can receive an annual amount of more than four hundred dollars. Rhode Island restricts the maximum allowance to five hundred dollars. Virginia pays four hundred dollars in the case of ordinary teachers and five hundred dollars for principals. Maine pays a flat pension of two hundred and fifty dollars for thirty-five years' service, two hundred dollars for thirty years' service, and one hundred and fifty dollars for twenty-five years' service in the state. In Arizona the state board of education may pension any teacher who has served in the state twenty-five years. The amount is fixed at six hundred dollars. Massachusetts guarantees a minimum retirement allowance of three hundred dollars. All retirement allowances are annual amounts instead of lump sums, and are distributed quarterly.

In general, it may be said that only Virginia attempts to cover the two great risks of old age and disability. Maryland and the state annuity scheme of New Jersey protect against disability only, by retiring the teacher who becomes disabled or incompetent: in Maryland, after serving twenty-five years in the schools of the state and reaching the age of sixty years; in New Jersey, at any time after the expiration of twenty years regardless of the age of the beneficiary. The local pension scheme of New Jersey safeguards the old age of the teacher by providing for his voluntary retirement after thirty-five years of service in the state; Rhode Island enables teachers to retire voluntarily after reaching the age of sixty if they have given thirty-five years of total service, of which twenty-five were devoted to the state; Virginia affords an opportunity for voluntary retirement after twenty-five years of service with involuntary retirement after twenty years.

No provision is made by any of the states for a partial participation by a teacher who becomes disabled for any reason while in the service at the close of five or ten or even fifteen years of employment. Only those who remain in the service, escaping accident and retaining good health for the full period required by the law, are permitted to benefit by the annuity or pension. In the pension schemes of Maryland and Rhode Island the teacher who retires before completing the period of service and reaching the age required by law has, of course, no right to any withdrawal equity or return of any contributions, since he has made none; but there is no recognition of this equity in the annuity schemes supported practically wholly by the teachers in New Jersey or in part by dues in Virginia and New York.

New Jersey and Arizona make no requirement concerning the personal character or record of the beneficiary. In Maryland, in Maine, in the state annuity scheme of New Jersey, and in Vermont, he must be incapacitated in order to receive benefits; while in Virginia he must be disabled if retired after twenty years of service, or he may retire voluntarily after twenty-five years. In the other states the conditions of retirement are length of service and age. Maryland requires the beneficiary to be sixty years of age and to have completed twenty-five years of service within the state; Rhode Island, sixty years of age and thirty-five years of service, twenty-five of these being in the state; the New

Jersey state annuity system, no age, but at least twenty years of service in the commonwealth before becoming incapacitated; the New Jersey local pension system, no age, but thirty-five years of service within the state, twenty of which must have been spent in the work of the district supporting the allowance. The annuity begins in New York upon disability after fifteen years of service; the teacher may retire voluntarily without disability at the close of twenty-five years of service and benefit by the fund. Massachusetts requires at least fifteen years of service prior to July 1, 1914, and thirty years' service from teachers entering the service after that date. Teachers must be sixty years of age, or over, at time of retirement.

The state pension systems of Maryland, Rhode Island, Arizona, and Maine, carried on entirely at public expense, are controlled entirely by the public through the state board of education for each commonwealth. Virginia alone fails to give the teachers who contribute to a state annuity scheme any voice in its control and administration, the management there being likewise invested in the state board of education. In the New Jersey state annuity system the joint representation of the teachers and the public is secured through a board of trustees of the retirement fund, composed of nine members, five of whom are elected by the teaching membership of the fund in annual convention, and four of whom represent the public, appointed by the governor. The state annuity fund of New York is administered by a retirement fund board consisting of five members, appointed by the commissioner of education, three of whom must be members of the teaching profession and one of whom must be a woman.

Some states have passed what might be called permissive laws, allowing cities and towns to set up local pension schemes for the benefit of their own schools and teachers. In 1908 Massachusetts authorized all cities and towns other than Boston, if the voters approve at popular election, to pay pensions from public funds, and Boston has a retirement allowance system regulated by state law. Pennsylvania authorizes cities in the second and third classes to establish retirement funds, and apparently to appropriate public money therefor; and Minnesota provides that, in cities of over fifty thousand inhabitants, funds for retirement may be raised in part by taxation.

In Ohio the board of education of any district may establish a pension fund; participation is optional with teachers, and the funds are to be derived in part from salary deductions and in part from the appropriation of from one to two per cent of the gross receipts of the said board from taxation. California and Utah have retirement laws which are similar, inasmuch as they are local and voluntary in their application, and are based largely upon assessments, the only provision for contribution from public funds relating to certain amounts forfeited by teachers for absence, etc. In Colorado, districts containing a school population of over one thousand may establish public-school teachers' retirement funds, and may levy therefore taxes not exceeding one tenth of a mill.

In addition to these there are local pension funds in twenty of the leading cities. Some of these, authorized by law, are supported entirely by the public, some jointly by the state and the teaching force, but most of them principally, if not entirely, by the assessments of teachers for their own mutual aid associations.

These annuity schemes present the same wide differences as to methods of support, the amount of premium and annuity, and the conditions of retirement and participation which characterize the state pension systems already described. The assessments paid by the teachers range from one to three per cent; the annuity in most cases is small, being usually from two hundred to three hundred dollars; the number of years the teacher must spend in the work is usually large, thirty to thirty-five years; and the age at which retirement upon the pension may take place, high, sixty-five to seventy years. Teachers leaving the service before retirement are usually not given a return of any part of the amount which they have contributed as dues.

General character of present schemes for the insurance of teachers in America

We have not had teachers' retirement allowances in this country long enough to be able to estimate, in any conclusive way, at least, their results upon the work of the schools and the profession. The progress which the movement has made would seem to indicate that the American people are being rapidly committed to the idea. While this is true, it must at the same time be acknowledged that not only are the present schemes of teachers' insurance experimental and imperfect, but they have frequently been the outcome of hasty and ill-considered action. It is doubtful whether many of them will result in the best good of education and of the teachers themselves.

Most of these retirement systems have been entered into without any accurate knowledge as to what the insurance would cost and whether the support provided would float the venture properly so as to safeguard contributions and insure the expectancies of members and the claims of beneficiaries. In only a very few instances has the expert advice of the actuary been secured as to whether a plan was sound and solvent before its adoption. Some of the schemes established within the last five years have already been declared by actuaries of repute to be insolvent, and therefore unable to meet the claims upon them certain to come. The result will be in such cases that, unless additional legislation is enacted, many teachers will fail to receive the protection which they expect, and in the contributory ventures will lose the benefit of the dues or savings they have been required to invest.

In all the American schemes, both old and new teachers have been provided for in the same law and fund, a practice which has resulted in retirement systems not properly adapted to the conditions of either, and therefore not productive of the best good to the schools in which they serve. The dominant purpose has usually been to make arrangements for the immediate retirement, upon some kind of an allowance, of those who, through age or incapacity, were no longer able to discharge properly the duties of the classroom, thus affording, through a gratuity more or less meager, a means whereby school authorities could without embarrassment and criticism retire old and faithful employees on superannuation allowances.

Where the retirement fund is supported in part by the contributions of the teacher, it has been customary so to arrange the plan that teachers already in the service receive full annuities, but pay dues, usually at the same rate as new teachers, only for the time they remain in the service after the adoption of the scheme; while at the same time young teachers withdrawing from the service to take up other work are made to pay for the protection of those remaining in it, by forfeiting all the assessments they have contributed.

Where the contributory principle has been recognized, assessments have usually been made upon the teacher for the avowed purpose of helping to pay the expense of the venture and not as a vital feature of a plan of social insurance. The idea of compulsory saving is seldom mentioned, and even less frequently followed out consistently. There is no logical relation in most instances between what the teacher pays and what he receives.

Nowhere is there, as in the Massachusetts retirement system for state employees (1910) and in the Massachusetts retirement system for teachers (1913), a return to the teacher of an annuity purchased by his own accumulated savings which the state has withheld as dues and an additional pension given by the state as a reward for thrift, exactly equal in amount to the annuity. On the contrary, payments by the teacher are practically everywhere regarded not as deferred payments of salary invested for his benefit by the public as employer, but as premiums in an insurance benefit to be received by him in case he remains faithful to the service for a required time, to be forfeited entirely by death or by withdrawal for any cause.

Taking all the American attempts to deal with the question of teachers' allowances, it may be said, however, that their evolution, their tendency, as is shown more especially in the later schemes, is toward joint support by public and teacher; state rather than local maintenance and support; compulsory saving on the part of the beneficiary; the recognition, to some extent at least, of the right of the member to a return of his own contributions; dues graduated, within certain limits at least, according to salary; annuities, up to a reasonable point at least, given in proportion to dues; public support in encouragement of individual saving; and in the contributory schemes joint control and management by the public and the members. Nowhere else has there been any American system for the retirement of public-school teachers based squarely on accepted principles of compulsory social insurance such as have been carried out in the Massachusetts retirement system for state employees and in the Massachusetts retirement system for teachers (1913).

II

TEACHERS' ANNUITIES AS PART OF A PROGRAM OF SOCIAL INSURANCE

THE cause of teachers' pensions has of late years gained additional support from the growing recognition that, after all, they are only one phase of the world-wide movement toward the social insurance of all workers against the great risks of life. Here again the Old World has blazed the way. Practically every European nation has passed some legislation safeguarding a part of its workers at least against one or more of the risks of sickness, accident, disability, old age, and death. In every one of these countries, with the single exception of Holland, which as yet has only adopted the idea of compulsory insurance of industrial workers against sickness, teachers' annuities of one kind or another have in most instances preceded, as a forerunner or entering wedge, a wider social program of legislation for the protection of other and larger groups of workers; while in other instances insurance for the teacher has paralleled similar legislation for other classes of citizens.

Almost everywhere in Europe voluntary insurance, designed primarily for the benefit of wage-earners, but open to every one, is made safe and cheap by public management and subvention, being sustained by the premiums of the insured and grants from the state. Its counterpart would occur here, should a state offer to receive and invest contributions from its citizens, supplement these with small appropriations from the legislature, and guarantee a certain annuity when infirmity, old age, or death overtook the insured.

In the early schemes for the protection of teachers in many European nations, as has already been pointed out, straight pensions were given as a gratuity or bonus by the state without the payment of any dues or assessments, whereas all the later ventures provide for the joint support by the public and the schoolmaster. This is the pronounced drift on the other side in all recent laws relating to old-age or disability insurance. Even Germany, after having granted pensions to teachers entirely at public expense, has in recent years based her entire program of social insurance upon the idea of the compulsory assessment of all who were to be protected by the numerous successive and progressive laws which have been adopted.

Five out of the eleven leading European countries have set up compulsory and, of course, contributory insurance schemes for large numbers of wage-earners, and three others are soon to adopt the same idea; whereas, on the other hand, only three countries have adopted old-age pensions supported entirely by public funds, and these have not only limited the benefits to a mere pittance, but restricted their enjoyment to the needy, the crippled, and the diseased. We shall probably witness a spread of old-age pensions, as a new and wise form of protection for the indigent, to other lands on both sides of the Atlantic, but probably not for self-supporting classes of our citizenship, whether employed in private or public service. In all European countries the pension or annuity scheme of the teacher is carried on as an enterprise by the state as employer, separate and apart from the compulsory insurance systems for the protection of other classes of workers.

The membership of the insurance schemes against old age and invalidism varies in different countries. Austria protects office employees and minors; France, seamen, minors, all workingmen and salaried employees; Germany, all wage-earners and employees with yearly wages up to five hundred dollars, and small employees and houseworkers; Norway is now considering a plan covering all working men and women, irrespective of income. This is the pronounced drift in all European legislation on the subject.

The spirit and the tendency of European social insurance are best shown in the complete system for the protection of workers which Germany has worked out, by assessing employers for the entire support of the annuities for accident and for the partial support of those for old age and disability. The principles are asserted, both that the cost of these risks is a legitimate overhead charge against the business, the same as insurance against fire and repairs for wear and tear upon plant and machinery, and that a business profits indirectly by the moral effect of these safeguards upon the wage-earner.

By assessing wage-earners for the support of the fund protecting them against old age and incapacity, the principle is asserted that workingmen, for the sake of their own welfare, should be required to protect themselves against the uncertainties of life and provide for their failing years. By making it possible to retire the aged worker when he has outlived his efficiency, the principle has been asserted that the state must in some equitable way make provision for his retirement when, after he has passed the limit of efficiency, his retention in industry means an economic waste to society and a handicap to the industry in which he is employed. By requiring all classes of wage-workers to pay something to the support of their own protection, the principle is asserted that the state, in order to promote the thrift of its people and preserve itself from the burden of the indigent, must encourage thrift, stimulate and safeguard savings, and secure continuous faithful service to industry and to the nation.

No American state thus far has established any general system of old-age pensions or annuities. There are in operation in several states special pension schemes for certain classes of public employees, chiefly policemen, firemen, and school-teachers. There is no scheme, now in existence or in prospect, making general provision for old-age pensions or insurance. Indeed, Massachusetts is the first state to authorize a comprehensive investigation into the pension and insurance question through a state commission, which reported to the legislature on the 1st of January three years ago. In the United States the question of retirement allowances has hardly as yet received any serious attention from legislation, while in Europe it has been the subject of repeated investigation and extensive legislation. At the same time there has been a steady development of industrial insurance. The fraternal organizations and the trade unions have contributed also some share toward the solution of this problem. The pension systems for certain branches of public service, to which reference has already been made, have assisted further toward this end.

The essential difference between the United States and countries in which compulsory insurance has obtained a foothold has been the absence in this country of recognition of any need for this form of protection for its inhabitants, and particularly for those nearest to the border-line between economic independence and economic dependence. In certain instances, however, we have adopted the compulsory principle in our own legislation. Laws are daily being enacted, miscalled socialistic or paternal, which on closer analysis are found to be no more than an expression of intention on the part of the state to safeguard the welfare of all citizens, irrespective of their economic status.

Fundamentally, no more than this has been done in Germany and other European countries which have introduced compulsory insurance. These have recognized that there are risks in life common to all workingmen, against which it is impossible for the individual alone to make provision. Only by the transfer of this risk from the shoulders of the one to the backs of the many and by placing the burden of cost where it should rest, even though this involve the industry itself, can equilibrium be maintained. Where we, after an observation of a century, and England, of several centuries, have grudgingly admitted the desirability of protection through insurance and through legislation and have permitted individuals to avail themselves of the benefits of it, Europe, as typified by Germany and her sister states, has boldly declared the urgent need of this protection, not for the few but for all of its working population, and by legislation has required its workingmen to partake of it and its employers to bear their just share of the cost.

What Massachusetts has done with social insurance

Massachusetts has been one of the first of the states to deal with the protection of workers against the risks of life in various ways. The

Report of the Massachusetts Commission on Old-Age Pensions, in 1910, pointed out that previous laws had already opened the way for pensions for various public employees. By referendum vote, any city or town may pension firemen for permanent disability incurred in the service; any fireman who has served twenty years and who is sixty-five years of age or who is incapacitated for service may be pensioned; policemen disabled in the discharge of their duty may be retired on half-pay, and twenty years of service with disablement for any cause entitles them to pension, regardless of age.

Widows and children of firemen and policemen killed in the service receive pensions to the amount of not more than three hundred dollars per year. Any judge, who has reached the age of sixty years, has served fifteen years, and is incapacitated for further service, may retire on one-half salary; veterans of the Civil War, no longer able after ten years in the public service to discharge their duties, may be retired on half-pay; any prison officer may be retired on one half the last rate of compensation paid him when he is sixty-five years of age and has served twenty years, or when he is disabled in the service, or has rendered thirty years of faithful service.

In 1908, by chapter 498 of Acts and Resolves, cities and towns were authorized to establish pension funds for teachers in the public schools. Any city or town accepting its provisions shall establish a fund for retiring teachers, made up of such revenues as may be diverted to that purpose. The school committee may retire any teacher of sixty years of age, incapacitated for service, on a pension not to exceed one half of his last compensation, and in any case not exceeding five hundred dollars. In the same year a pension system for teachers in the public day schools of Boston was established by chapter 589, under which the school committee of Boston was required to establish immediately a permanent school pension fund.

An appropriation of five cents for each one thousand dollars of the valuation of the city is authorized to meet the expenses of the scheme. Any teacher who is incapacitated for efficient service may be retired at any time; those who have reached the age of sixty-five years or who have been in the service for thirty years, twenty of which have been in the public day schools of Boston, receive a pension of one hundred and eighty dollars, the amount of the pension for those of lower age and shorter service being proportionately less. In 1913 the General Court enacted a state compulsory insurance act for teachers, which is later discussed in detail.

By the Savings Insurance Act of 1907, Massachusetts is definitely committed to an experiment with voluntary insurance under public administration.

Upon the recommendation of the Commission on Old-Age Pensions, made in 1910, the legislature passed an act providing compulsory instruction in thrift in the public schools of the commonwealth; authorized employers and employees to carry on coöperative retirement annuity or pension systems; permitted cities and towns to set up retirement schemes for their own employees; and established a retirement plan for the employees of the commonwealth; and in addition to this, passed a Workingmen's Compensation Act to take the place of the old Employers' Liability Law.

The retirement system now in operation for state employees contemplates practically that the beneficiary shall make certain contributions, which invested at compound interest shall after a certain period make available an annuity, and that the state shall come in to supplement this with a pension of equal amount.

Under these circumstances, therefore, the retirement allowance practically amounts to the proceeds of a system of compulsory insurance against old age or incapacity to which the state contributes as much as the beneficiary, and the retirement allowances themselves are graduated largely according to the salaries paid beneficiaries, and therefore according to the contributions which each makes to the support of his own annuity.

It is significant that Massachusetts, which has placed practically all its employees under civil service provisions with a permanent tenure of position, is the only state which has yet established an annuity plan for them.

III

THE QUESTION OF TEACHERS' RETIREMENT ALLOWANCES IN THE LIGHT OF SOCIAL INSURANCE PRINCIPLES

In view of the trend of legislation and the growth of public sentiment in this country for social insurance, it seems clear that retirement allowances here should not be dealt with merely as an effort to provide protection against the risks of life for the members of a worthy profession or for a group of employees in the public service, but as one phase of a widening program of insurance for all workers. No state is now ready for such a program in its larger aspects, but it is evident that retirement allowances are here and now demanded for the teaching service by an increasing number of the friends of the public schools. We are now facing the question: Shall a state-wide system of annuities for teachers be established?

In considering the idea of teachers' retirement allowances, three different interests or points of view need to be kept in mind. There is, first, the attitude of the teacher interested in the question whether pensions or annuities of this, that, or the other kind will be for the good of the profession to which he belongs. The public, as an employer anxious for the welfare of its schools, is asked to support a retirement system on the plea that it will better the work of the schools. The state should look upon the idea of pensions or annuities for educators as one form of social insurance which, whatever else it does, must encourage saving, promote thrift, and insure adequate protection against old age and disability.

If the teachers of any state advocate any system whereby the state or the community is expected to make contributions to a retirement system, they will do so primarily with the ultimate good of the profession in view. The ultimate good of the teaching profession is governed almost wholly by considerations of the efficiency of that profession in performing its services to society; consequently nearly all of the problems affecting teachers' retirement allowances come back ultimately to the fundamental one: How and in what ways will a particular proposal react upon the efficiency of the profession as a whole? For this reason it is advisable that the problem of providing retirement allowances for new teachers hereafter entering the profession and for those already in the service should be considered separately and be met by different measures. In this way it is possible to lay aside temporarily special considerations that arise with reference to teachers who have already given many years of service to the schools.

The state could easily insist on a retirement system for teachers hereafter entering the service, but it would be inexpedient to make such provision compulsory with regard to teachers now in the service. A contributory feature in a retirement system would not work a hardship to teachers hereafter beginning work, since they would face such an assessment at the time of employment; but it might in some cases operate as a hardship to teachers who have already for many years been employed in public schools. Sound policy would require that teachers hereafter entering the service and expecting to share in the benefits of a retirement system should not only be certificated by the state, but the general character of their work from time to time should be passed upon by state authorities. It is much easier to deal with legislation affecting tenure in the case of new teachers than in that of old. All of these problems are exceedingly complex as applied to teachers now in the service, but relatively simple if considered in connection with those who may hereafter elect to enter the profession of teaching.

Principles upon which a retirement allowance should be based

Whatever may be the claims advanced by those who favor retirement allowances for them, teachers as a class have come to realize that the only argument which will avail with the public and secure legislation in their behalf, is that the protection given the teacher through annuities will better the work of the public schools. It goes without saying that an overwhelming majority of the teachers of the country view the question from a professional standpoint and desire only such legislation as will be for the good of the profession and the improvement of the service. In what specific ways may we expect the operation of a retirement system to improve the efficiency of teachers? By attracting and holding more desirable men and women in the profession; by guaranteeing in a way the future of those engaged in it, thus creating an attitude of mind favorable to good work; by the timely withdrawal of those who have given full service and are no longer able to meet the demands of the schoolroom.

The European experience shows that teachers' retirement allowances have accomplished these results far better than if many times their cost to the public had been applied to an increase in wage. Teachers' retirement allowances are in a sense deferred payments for services, which justify themselves as a wise business investment on the part of the state. In addition, it seems probable that annuities holding the beneficiary longer in the service would insure a more permanent staff of teachers and tend to increase the length of the tenure of employment, a move in the direction of a wider civil service in the profession.

There is danger in some quarters to-day that a few of the over-zealous friends of teachers' annuities may, forgetting their real justification, support arguments as to retirement allowances which, if not false and misleading, do not go to the real merits of the question.

It is sometimes urged that teaching is an underpaid profession. This statement, however, must be examined always in the light of standards under prevalent conditions. The teachers in the city are paid much better salaries than those in the country, but living conditions in the city are more costly than those in the country. Teachers in the Western States are as a rule paid better than those in Eastern States, but in the West there is a relative scarcity of people seeking to enter this calling, whereas in the East there seems to be usually a considerable surplus of available candidates for positions.

Those employing teachers assert that there is a constant scarcity of those who have had adequate training or approved experience, and those towns paying the highest salaries claim that they find it most difficult to procure people reaching the standard of excellence which they desire. Obviously, then, if teaching is underpaid, it is so relatively, not as contrasted with the supply of candidates available at any given time, but as determined by the standards of employment which prevail. The so-called "disappearance" of men from the teaching profession is not due to the fact that the same men find better employment elsewhere, but rather it is due to the fact that the rise of the standards of professional quality demanded render it less and less possible for communities to obtain the type of man desired.

The increased cost of living in recent years is sometimes urged as an argument in aid of teachers' retirement allowances. This argument again fails to recognize that the increased cost of living affects practically all classes of workers, and perhaps in equal degree, although it seems probable that salaries do not keep pace with the upward trend of prices as adequately as do the wages of the skilled workman. Teachers' salaries have advanced in recent years, but whether they have advanced proportionately to the compensation given in other callings is a fact that is not yet proved. It may be assumed that conditions of competition operate in teaching as well as in other fields, and certainly the increased cost of living, as contrasted with the compensations of teaching, do not seem to operate in such a way as to bar the entrance of people to the calling of teaching.

It is often argued that, because the state has encouraged certain specific types of compensation for retirement in the case of particular groups of employees, thereby a precedent has been established, for a similar system for teachers. This claim ignores the fact that the state may have been mistaken in setting up a particular system of compensation for retirement. All, including teachers, are under a certain obligation to see to it that any action taken in the future is along lines that are fundamentally right.

It is also frequently urged that teaching is a calling imposing greater hardship and liability of earlier breakdown than other callings. This may be true for certain classes of workers, but anything like scientific evidence in its favor is still lacking. Such callings as those of the nurse, physician, and the various trades sometimes lead to as early incapacity as teaching.

From the standpoint of general policy those who seek to promote teachers' pensions will do well to treat the entire question of teachers' retirement allowances as a venture in the field of compulsory social insurance, whose underlying principles are, as has already been intimated, that all persons should be required by law to insure themselves against the various contingencies of life, and that the employing authority should, in all cases where the annuity operates for the benefit of his business, be required to contribute in part to the cost of maintaining it.

It is true that the time is not ripe to discuss teachers' retirement allowances in terms of a comprehensive scheme of compulsory insurance; if it were, then protection against the risks of sickness, accident, disability, and death, as well as against old age and incapacity, must be afforded; provision for the early retirement of teachers for disability must be made; teachers must be required to take out insurance for the protection of those dependent upon them in case of death. Inasmuch as the retirement allowances for teachers on account of incapacity due to old age or disability are being rapidly adopted in this country, we can deal with them in terms of compulsory insurance and apply to them the principles and standards of such insurance which have gained common acceptance only by regarding the whole matter of teachers' retirement allowances as an experiment in compulsory insurance. Will it be possible to approach the question from the triple, yet common, standpoint of the welfare of the worker, the efficiency of the teaching profession, and the protection of society against poverty and dependency?

The teacher should contribute to the support of his own retirement allowance

A part of the expense of the retirement allowance should be borne by the beneficiary. The Massachusetts Commission on Old-Age Pensions (1910) declared this principle to be fundamental and vital. The State of Massachusetts has applied it in the present retirement system for its employees. The same commission reported strongly against the noncontributory pension for public employees because of the heavy expense of such a policy, holding this objection to be an especially weighty one "in view of the large increase of public expenditures and public indebtedness in Massachusetts during recent years," and because such an expense would be needless, since "public employees can well afford to pay at least some part of the cost of a retirement system"; and holding further that any noncontributory pension must exert a depressing effect on wages, a demoralizing reaction on character, and a disintegrating influence on the family.

The commission declared that "a policy which threatened social consequences of so sweepingly harmful a character is not one that the state, the county, the city, or the town as an employer can afford to sanction," and that "the dubious policy of noncontributory pensions should not be encouraged by the example of the municipality or of the state." After pointing out that the straight pensions supported by the public in the state have usually been given to those employed in occupations involving an unusual degree of danger, devotion, and sacrifice, the report declares that, "whatever may be done in the future toward the extension of pensions, provisions for all classes of public employees should be on the contributory basis."

Experience shows that the noncontributory pension for teachers is usually not large enough to afford an adequate protection against old age and incapacity. The tendency in those state systems which have given pensions, like those of Maryland and Rhode Island, is to reduce the heavy expense of public maintenance by granting an allowance too small to afford even a minimum of comfort to the beneficiary. On the other hand, in those states like New Jersey and New York, where the teachers pay dues toward the support of their own protection, the annuity is sufficient to insure them against want and dependency.

The contributory principle is best for the welfare of the teacher, because it guarantees independence in old age and makes it possible for him to protect adequately those dependent upon him. It should be applied by the state as the employer seeking to better the service, since retirement allowances will accomplish good results in the improvement of the service in proportion as they afford an adequate protection against the failing years of life. When the state takes hold of the retirement system, it should require the worker to pay toward the support of his annuity, not only to encourage thrift and promote saving, but also to make it certain that in his last days he may not become a burden on society.

That part of the annuity which comes from the dues paid by the teacher adds, of course, nothing to his total wage directly. The withdrawal equity should always be recognized whereby the teacher, upon withdrawal before legal retirement, has returned to him his own contributions, together with reasonable interest. Then state compulsion and management of his contributions toward his own annuity does benefit him during his working period, by forcing him to make provision for the future, by developing a spirit and habit of thrift, by securing for him high-class insurance at the lowest possible cost, by guaranteeing the solvency of the insurance scheme, and by developing a security of tenure of position that grows measurably with the increase of his equity in the insurance attached to the business. The operation of compulsory insurance under these conditions is such as to preserve in the highest measure the self-respect of the worker, and to better, rather than impair, the prestige and standing in public opinion of the profession or calling he follows.

Aside from moral and social considerations, it makes little if any difference in the long run whether the public or the teacher pays the cost of the retirement allowance, or in what proportion each contributes. This is particularly true in the case of those hereafter entering the profession. In setting the wage and bargaining with a new employee, the school authorities will, either directly or unconsciously, take into consideration the cost of the public contribution to the retirement allowance as a real though somewhat vaguely defined part of his total wage. In this way the concession of public support would become a factor in each new wage adjustment as certainly and as potently as any other portion of his wage compensation.

On the other hand, the new teacher facing employment soon comes to look upon his total actual salary as made up of a current salary received from month to month, a deferred salary composed of amounts withheld from his own earnings and invested as savings for him, and deferred payments for service in the form of public contributions toward a retirement allowance, to be received at some time in the future, for continuous, faithful service. The immediate placing in operation of a retirement system operates to diminish the salary of the beneficiary, but in the long run this is not the case. After a system of this sort has been in operation for some time, the deduction from the employee's salary would so operate as to be largely a nominal affair.

Withdrawal equity and annuity

The withdrawal equity of the teacher in his own payments toward his annuity should be recognized. When he retires from the profession for any reason, dues withheld from his wage should be regarded as deferred payments invested by the state for his benefit. He is as justly entitled to the present worth of such a saving as if it had been deposited by him and invested by a savings bank; otherwise the state cannot defend a program of compulsory insurance as a means of promoting thrift, encouraging saving, and safeguarding old age. Young teachers who may not and usually do not remain in the profession ought not to be mulcted or penalized, even to the extent of the smallest part of their savings, for the benefit of those who do. The recognition of this equity will operate to preserve that mobility of the teaching profession that has proved so desirable on the whole to the American schools, since teachers shifting from one position or state to another would not be deterred by the prospect of the complete loss of their payments.

Annuities only should be used in making payments for any cause to the beneficiaries of the retirement system. As a venture in social insurance the scheme must have due regard for the protection of the beneficiary against old age and dependency. Payments of the total amount, in the form of a lump sum representing the present worth of the claims of the beneficiary, are highly objectionable, because there is danger, and in many cases every probability, that the money will be lost either through unwise investments or unwise expenditures of one kind or another. However able some may be to take care of their own money, the state must protect against losing their savings those who are less capable of making investments. The principle of annual distributions, paid, say, in monthly or quarterly installments, should be applied both to the accumulated savings of the teacher and to the pension added by the public. When a teacher has served long enough to become a risk on the funds, payments after withdrawal for any cause should be in terms of annual amounts certain to continue at least until the death of the beneficiary.

The Retirement System for Massachusetts State Employees is sound in principle

Most of the general features of the state retirement system of Massachusetts for its own employees represent the best ideas in compulsory social insurance of to-day, and might well serve as a model in principle in any proposed plan of annuities for teachers. The present state scheme is comprehensive, being open to all those in the service of the commonwealth, and is obligatory upon those hereafter entering its work. The civil service laws, as has already been pointed out, set up what amounts to a plan of certification which prevents the employment of the incompetent and insures what is practically permanent tenure of position during good behavior. Upon withdrawal from the fund for any reason, all the accumulated savings with interest compounded at three per cent are returned to the beneficiary or to his legal representative, either in a lump sum or in the form of an annuity, the state in no case withholding or seeking to profit by the contributions of the membership.

The contributory principle is carried out by making the members, through dues, save for the support of their own annuities and by guaranteeing that the state will give up a full withdrawal equity, for disability, or at the close of the full period of service, a pension equal in amount to the annuity. Savings are required in proportion to income, the dues or assessments being graduated on the basis of the salary earned. Thrift and capacity to save are rewarded, and differences in previously acquired standards of living are recognized by making the retirement allowance dependent upon the contributions and therefore really graduated by the customary earnings of the beneficiary.

As a venture in social insurance, an attempt is made to insure a decent competence for old age by making two hundred dollars the smallest allowance given at retirement, the minimum contribution from the salaries of members being set at a sum sufficient to yield during the working period of the beneficiary an annuity which, together with an equal pension by the state, will amount to that sum. Since the retirement system is not interested in rewarding savings beyond the reasonable limits necessary in order to promote thrift, to make membership attractive, and to safeguard the closing years of life against penury and dependency, the annuity of the beneficiary, whatever his salary may be, can never be larger than that earned by the accumulated savings of more than seventy-eight dollars per year, which is the maximum dues required or permitted.

The risks to be covered in a plan of retirement allowances for teachers probably should not be more than those undertaken in the system for the employees of the state in Massachusetts, which are, generally speaking, old age, incapacity resulting from old age, and disability due to any cause after ten years of service. There is, in addition to these, an insurance, in a sense, against the death of the member, which is provided in two ways. When his demise takes place while still in the service, the accumulated savings due him are paid in a lump sum to his estate. At full retirement, the beneficiary can elect either to receive an allowance for the number of years during which he lives, or an annual amount for a fixed and certain number of years, which upon the death of the beneficiary would be paid to his legal representatives for the unexpired time.

It seems clear that, in case the latter plan is chosen by the retiring member, the annual allowance would be less than in the former. It will, of course, be necessary to publish for the information of members the exact amounts and differences between these two schemes through carefully prepared actuarial tables. Through their representatives on the State Retirement Fund Board both the state and the members have a voice in the administration of the plan, and the management of the venture is under the close inspection and supervision of the State Insurance Commissioner.

These forms of protection seem to go as far as any scheme of compulsory insurance should at the present time. It is doubtful whether it would ever be possible or wise to include much more in any one system and fund. Even in Germany, where wage-workers are required to protect themselves against sickness, accident, disability due to accident at any time from the outset in any employment, and even against unemployment, the state schemes have usually undertaken no more than insurance against old age and incapacity, and under certain conditions, death, using other schemes and plans, usually of a private or semi-public character, to secure the compulsory insurance of its citizens against the other risks of life.

Membership, Certification, and Tenure

Membership to be comprehensive. In the retirement system adopted, all persons should be included who are regularly employed, either as teachers or otherwise, in all of the schools of the state supported and controlled by the public. Every argument for a retirement allowance for teachers supports equally well the proposal that all others regularly employed in any capacity by the schools, such as clerks, bookkeepers, stenographers, engineers, and janitors, should be admitted to membership in the same scheme. Annuities for their benefit will be just as effective in raising the self-respect of the worker, promoting thrift, requiring saving, and safeguarding against the risks of old age and disability, as those for instructors in the schoolroom.

Retirement allowances for employees other than teachers will be equally wise as a business proposition from the standpoint of the public, since there is no reason why they should not result in the betterment of the service by attracting, holding, and retiring at the proper age, desirable men and women serving in positions where good work is just as necessary to the efficiency of the school system as in the actual teaching process. It is equally necessary that the state should require the clerk and the engineer of the school building, as well as the teacher, to safeguard themselves against old age and dependency. As a venture in social insurance it would be both an unjust discrimination and confusing to protect teachers with retirement allowances and neglect all others engaged in the same business.

Certification of all new teachers by the state educational authorities is necessary if the public is to secure the best results from the money which it gives for the support of a system of retirement allowances for them. Pensions or annuities of any kind are certain to prove even more attractive to the incompetent than to the competent instructor. Any betterment in the economic condition of workmen always brings a rush of the unfit, as well as the fit, to the work. Usually in the competition between them the wage falls to the old level and the good workmen are driven from the field. In any work or business where competition in the output of the worker is absent, standards and measures of efficiency are ill-defined and administration is popular instead of expert and professional, as is sometimes, at least, the case with our schools; the inefficient but pretentious and self-seeking worker is very likely to be chosen and remain permanently in the service to which he has been drawn by the concession of a retirement allowance, thus defeating its large purpose of bettering the profession.

All successful attempts to improve the efficiency of the schools by bettering the economic condition of the teacher should go hand in hand with direct selecting agencies, cutting off the rush of the incompetent to the field. It is equally true that to raise the qualifications workers must have before entering any occupation will avail but little unless at the same time the work is made, through increasing the wage or some other concession like that of a retirement allowance, sufficiently attractive to draw to it those who are able to meet its entrance requirements. Teachers' annuities and retirement allowances in any state where the absence of proper selecting agencies operates to fill the schools with poor teachers are worse than useless, since their only effect would be to perpetuate the reign of the unfit.

Legislation in behalf of teachers' annuities of any kind should go hand in hand with movements raising the standards of proficiency in the profession and eliminating the unfit. Among the direct selecting agencies that might be used to accomplish this purpose are medical examination of teachers, more effective supervision, more effective administrative selection of teachers, and higher standards of certification. The time is not ripe for a medical examination as a condition of entrance to school work, although doubtless some day it will be required. Supervision and administration will better the teaching service in the state in proportion as they are improved by the efforts of local authorities everywhere.

The absence of adequate state systems of certification for teachers has thrown the responsibility upon the community for passing upon the qualifications of its teachers. There is no fixed or general standard of experience, preparation, or schoolroom success recognized for the different kinds of teaching positions. Throughout the country the whole matter is in a chaotic condition. Communities having a high degree of civic spirit and responsibility secure good teachers. Communities lacking these qualities are satisfied to secure and retain poor teachers.

While the complaint is frequently made, undoubtedly with more or less truth, that there are not enough good teachers to go around, the fact remains that communities willing to pay for good teachers invariably secure them. Obviously one way to get good teachers is to make it impossible for poor ones to obtain positions. A state retirement system should raise the general level of teaching efficiency throughout a state, and experience has demonstrated that before teachers are intrenched in their positions by a pension system and tenure law, the quality of service should be safeguarded by an adequate certification plan. The great strength of the retirement system for state employees in Massachusetts lies in the fact that it combines with the retirement allowance an entrance examination to a position which eliminates the incompetent and sets up a civil service that insures a permanent tenure of position.

Legislation providing teachers' annuities should be supplemented by a law authorizing a system of certification for all the teachers protected by the retirement system, and the measure should be drawn in such terms as to leave the state educational authorities free, not only to change their standards through the years to meet the changing conditions, but to adapt their standards of requirements from time to time to the different kinds and character of teaching positions to be filled.

Some form of legal tenure of position for every teacher must be guaranteed in some way in order to secure the full benefit of a retirement system. What form such a tenure law should take is still a debatable issue. New Jersey is the only state having a tenure-of-office law guaranteeing permanence of position during good behavior and efficiency. In his report on the East Orange schools, Professor E. C. Moore comments on the workings of the New Jersey tenure-of-office law as follows: "There is one other feature which does not yet, but will in time, tend to lower the efficiency of the schools. I refer to the state tenure-of-office law. Security in office during good and efficient service is something which all interested in the public schools pray earnestly for, but lodgment in office for life is quite another matter. It is practically impossible to prove professional incompetency in court; and places where teachers can appeal to the courts for final review of adverse action against them by boards of education, and are practically never dismissed, have poor schools. Such tenure of office is good for the clerk, but bad for the work. They should, of course, have the right to demand a public hearing, but it should be conducted by the board of education, not by a court. The best kind of tenure of office is that which an enlightened public demands and insists upon for its teachers. Both teachers and people are unfortunate in having any other kind."

On the other hand, there can be no doubt that there are many places where the tenure of position of the teacher is uncertain and dependent upon the fortunes of politics, or the caprice or prejudice of one kind or another of school authorities and of the public. In such places, it is useless to expect annuities to work for the betterment of the service and the welfare of the profession. The conclusion is that some form of tenure must be provided that will safeguard the interests of both the pupils and the teachers. It seems probable that a public conscience, awake to the necessities of a retirement system for teachers, would develop a public sentiment that would support the principle of tenure during efficiency and good behavior, and then find a way to guarantee the efficiency. The highest success of a retirement system requires standards of certification, approval of work performed, and certainty of continued employment.

State and not local support should be given

State and not local support should be given the retirement allowance. It seems to be admitted without debate that public support and management of teachers' annuity ventures are necessary to their success. The debatable question, if any, is whether the public should deal with the retirement problem through the state or through the cities and towns operating the schools in which the beneficiaries are employed. For the state to carry on a system of annuities for the benefit of those who are not directly employed by it, but by local communities, is a departure from the trend of the steps already taken by some of the states, in dealing with teachers' pensions and annuities. Fifteen states permit towns and cities to pension teachers. Why should these states and the states having no laws for teachers' pensions be urged to maintain a state system of annuities for the teachers employed by local communities, and how shall the proposal be justified?

While it is probably possible to grant allowances to teachers out of the treasury of a large city in such a way as to serve the best interests of its schools, municipal systems of pensions or annuities have never succeeded in meeting a state-wide need. In Massachusetts, for example, the present law permitting towns and cities to pension their teachers has not been a successful solution of the problem. Though the act has been in force about five years, only eleven out of three hundred and fifty-four cities and towns have accepted its provisions. There is no indication that any considerable portion of the teachers of the state would ever receive the benefit of the statute.

Where allowances have been made under municipal systems, they have usually been so small as to afford an inadequate competence for old age, thus defeating in large measure all the purposes of the legislation. The main intent usually is to give school committees a more satisfactory way out in retiring old teachers. It is possible that the moral and social effect of the gratuities or concessions granted may not be for the final welfare of the individual or the permanent good of the profession. Such schemes are not based on sound principles of social insurance, and at best can only be regarded as a temporary expedient and a forerunner of a more comprehensive plan.

Even if a city here and there should grant an adequate pension to the superannuated instructor, the educational benefit to the state as a whole would be small if not questionable, since the result would probably be simply to enable the schools concerned to attract and to hold a few desirable teachers, as against other cities and towns. Were every community required to grant retirement allowances, supported entirely out of the local treasury, to those who have by long years of faithful service acquired some claim to its bounty, teachers would practically be obliged to spend their lives in one school system in order to profit by the gratuity, thus destroying the mobility of the teaching profession, which has been one of the largest, if not the largest source of initiative and growth. It is equally true that under present conditions, owing to the mobility of teachers, their insecurity of tenure, and other circumstances that need not be discussed here, a retirement system maintained out of public funds, in whole or in part contributed by the locality, can be effective only in the larger cities.

With the recognition of the soundness of the principles of contribution and withdrawal equities as features of retirement allowance systems, local pension systems for all the cities and towns of the state become at once impracticable, and a state system becomes necessary as the only proper way to deal with the question. With joint support on the part of the teacher and the community, every town and city in a state would be required to carry on a savings-bank account with each member of the teaching force, to invest his earnings profitably and yet safely, and to guarantee his accumulated savings; a service which it is certain that, generally speaking, only the state, dealing with the problem on a larger scale and equipped with the larger resources for investment furnished by a state-wide teaching force and, possibly, by legislative appropriations, would be able to render to the best advantage.

There is a large measure of truth in the claim that although teachers may be paid their salaries out of local funds, yet both in law and in fact they are, in more senses than one, state employees. There is no other local enterprise which the state has attempted to regulate by legislation so much as the public schools. From whatever source they are paid, the state looks to teachers as their agents to fit the children of every city, hamlet, and remote country place for useful and intelligent citizenship. The mobility of the teaching profession shifting from one position to another, the interchange of pupils between localities, the interest of every community in the results of the education given in every other place as well as by its own schools, make the question of the efficiency of the teacher a matter of state-wide concern, and justify the state in doing anything necessary for the betterment of the profession which cities and towns are unable to do properly.

Recognizing the semi-state character of the service of the teacher, all the Western Commonwealths have from the first used the income from the large permanent common-school funds which they are so fortunate as to possess, to pay a large part of the salaries of the men and women serving in local public schools. It seems clear that all over the country it will be necessary for the state in the future, with its large resources as a wider taxing unit, to give larger financial aid to the cause of education; adjusting inequalities in local burdens; aiding struggling communities; stimulating new forms of education like industrial training, household arts, and agricultural training; doing the things which the local community is unable to do; doing things for the betterment of the teaching profession and the work of the schools, like the certification and retirement of teachers: all of which require a larger outlook, collective action, and also central administration of a kind which only the state and not the local community can bring to bear.

Cost of the proposed plan

The cost of any proposed plan for retirement allowances, in view of the far-reaching financial responsibilities involved, should be known within reasonable limits before it is adopted. Teachers who are required to become members upon entering the profession should know definitely both the amount of the dues which they are required to pay, and the return which they are to receive from the investment made and from the pension contributed by the state. This is more necessary in a scheme for the employees of the public schools than in the case of the present retirement system for state employees. The membership will, finally at least, be larger, more widely scattered, and in the employ of cities and towns rather than that of the state operating the venture.

In order that the prospective members of the retirement allowance scheme may have this information, tables should be prepared showing by years the cost to the members according to their salaries, the present worth of accumulated savings, the amount of the annuity and the amount of an equal pension to which the beneficiary is entitled upon withdrawal for disability or at the close of the full period of service required. The effect of this will be to put teachers in possession of as much, if not more, information before entering this compulsory insurance venture than they would have in taking out a policy with any standard insurance company.

The state should bear the cost of the administration of the venture. A state retirement fund board, to serve without pay, ought to have an executive secretary to carry out its rulings. A man competent to do this work properly should certainly receive a salary of not less than thirty-five hundred dollars per year. In addition, there would probably be office rent, certainly office expenses, and the cost of clerical and actuarial service.

An important and difficult question is the probable cost to the state of any retirement system it may undertake. The state is entitled to know this roughly, at least, before any law is enacted. Obviously only an approximation can be given. The number of teachers in different age groups can be ascertained, but it cannot be predicted in the present state of our statistical knowledge how many of them will remain in the work of teaching long enough to become pensionable. We can say there are so many teachers in the state between seventy and sixty years of age, so many between sixty years and fifty, and so on; *if* the ratio continues as it has in the past, the cost in any given period will be a certain maximum sum that can be roughly worked out. The cost for a period twenty or thirty years hence cannot be so well predicted. Nobody can foretell the economic development of any state, how many children then will be in school, or the number of teachers required to teach them.

It is certain, however, that if past experience is duplicated by future developments, the initial cost will be the smallest, and will gradually increase, reaching a maximum at the time those teachers compelled to enter the retirement system reach the age of retirement, from thirty to forty years after the date of the inauguration of the system. The Report of the Massachusetts Board of Education on Teachers' Retirement Allowances (1913) suggests a fairly satisfactory method of approaching this problem.

It is difficult to estimate the amount of the cost at that time. We do not know what the population of any state will be, or the number of school children, or the number of teachers. It is impossible to predict the industrial and economic conditions upon which the matter of teachers remaining or not in the service may so largely depend. It is impossible to forecast the effect of the retirement system in holding teachers in the work.

It must be remembered, as has already been pointed out, that there is every probability that the contribution by the public to the support of the teachers' retirement allowance is, after all, only a deferred payment and, therefore, a part of the teacher's total wage. Many believe, as has also been shown, that this concession on the part of the public plays a part in each new wage readjustment with the teacher, and in this way becomes an actual though deferred part of the compensation. To the extent to which this is true the cost of teachers' retirement ventures is in the long run no real burden upon the public. The effect would be simply to shift the expense of a part of the teacher's salary from the local to the state treasury.

For reasons that have already been discussed, if the contributions of the public represent, as deferred payments, an increase in wage, then the state has simply come to the aid of the community by adding to the wage paid out of the local treasury an extra bonus or gratuity justifiable as being necessary for the good of the teaching profession, and as a good business proposition, because it will probably yield better returns in making the teacher's position attractive than the same amount of money spent in any other way for the same purpose. To this must be added the social returns to the state through the encouragement of thrift, the enforcement of saving, and the protection of a group of workers against the two great risks of life, old age and incapacity, that have always been such a large social burden.

Conclusion as regards teachers hereafter entering the service

A. Retirement allowances for teachers are a wise investment of public funds, because they make possible improvement in the service not generally obtainable without them by —
   1. Opening the way to retiring incapacitated teachers without hardship.
   2. Making it possible to —
      (*a*) Attract better talent into the service.
      (*b*) Hold the best that enter the service.
      (*c*) Encourage those in the service to more efficient work.

B. Retirement allowances for teachers administered as social insurance are a wise investment of public funds because —
   (*a*) They tend to promote thrift.
   (*b*) They tend to make employment more stable.
   (*c*) They free the state from the possibility of supporting a number of indigent, superannuated people.

C. A retirement allowance for teachers yet to enter the service should carry with it certain obligations on the prospective beneficiaries. Among these are compulsory participation, compulsory withdrawal age, acceptance of the principle of certification, and some form of legal tenure of position. The obligations on the state are, to contribute at least one half the retirement allowance, to safeguard the savings of the teacher by limitation of investment, to guarantee to pay established withdrawal equities, and to pay definitely ascertained annuities.

D. In a complete system of retirement, old age should be recognized as a cause for permanent retirement; disability should be recognized as a cause for temporary retirement; invalidism should be recognized as a cause for temporary or permanent retirement. An equitable plan for insurance against these risks of life should be worked out.

E. The administration of the retirement system should rest jointly upon the teachers and designated state officials.

Conclusions as regards teachers now in service

Every argument for retirement allowances for teachers yet to enter the service applies with equal, if not greater, force to teachers already in service. In the administration of a plan for retirement, however, certain departures from the principles heretofore laid down must be made if justice is to be done to all. For example, participation should be voluntary rather than compulsory, and the age limit of service should not be forced upon teachers not desiring to avail themselves of the benefits of the system. Furthermore, while the state may well enforce an assessment that will produce one half the retirement allowance in the case of teachers yet to enter the service, such an assessment would be unjust if applied to many teachers now in the service.

In the administration of a plan for teachers now in service, applying sound insurance principles so far as possible, three groups of teachers appear for special consideration: —

1. Teachers under thirty years of age might well enter the retirement system on the same terms as teachers yet to enter the service, as it is possible for them to make sufficient contributions to pay one half of a respectable retirement allowance at age sixty and beyond.
2. Teachers sixty years of age and upwards can make very little contribution to a retirement system. It should be expected that the state would virtually pay these people a straight pension, and a minimum sum should be fixed by law.
3. Between these groups lies the group, ages thirty to sixty, and they present a great variety of problems. Those nearest thirty can make contributions which will produce substantially one half of an equitable retirement allowance. Those teachers nearest sixty can make less. It would seem just, therefore, that these teachers should be assessed a definitely fixed percentage of their salary and allow these contributions at compound interest to purchase at retirement

whatever annuity they will. Then the state should contribute enough to make up a definitely guaranteed retirement allowance on the basis of a pension for service prior to the time when the law went into effect.

IV

CHARACTERISTICS OF A MODEL RETIREMENT LAW

THE Seventh Annual Report of the Carnegie Foundation (1913) enumerates certain essential and fundamental principles in an equitable teachers' pension system, as follows: —

(*a*) Compulsory participation and contribution on the part of all who enter the service.

(*b*) Retirement annuity earned by the contribution plus an equal pension from the state.

(*c*) Withdrawal equity in case of death, or permanent withdrawal.

(*d*) A central unpaid administrative board with a paid executive.

The suggestions for an old-age retirement law hereafter made conform to these principles.

In the same report, the Carnegie Foundation proposes a method of payment of annuities for disability with which we cannot agree. It says: "There is one modification of this simple scheme which would add little to the expense, but which would cover practically all that a pension system for public-school teachers should at this time attempt to do, that is, the payment of a proportionate pension for a given length of service in case of disability. For example, a state might well afford to pay, after fifteen years of service and of contribution, an agreed-upon proportionate pension to the teacher who had broken down in its service."

An examination of the financial aspects of the situation demonstrates that such a scheme is both inadequate and hazardous. The report says the average salary of a teacher in the United States is slightly less than five hundred dollars; and, further, that the old-age retiring allowance should probably be about fifty per cent of the salary at time of retirement. This gives us two hundred and fifty dollars as an average retiring allowance at age sixty. Now assume that the teacher retires after fifteen years' service on a "proportionate part" of this allowance, and we arrive at the possibility of retiring allowances of one hundred and twenty-five dollars or less per annum.

If disability includes (as it should) invalidism and disabling accidents, temporary and permanent, no further discussion is needed to show that such an amount is hopelessly inadequate to meet the needs; and it should be perfectly obvious that the solution is to be found in compulsory disability insurance, adjusted to the occupational risks of teaching, and charging a sufficient premium to guarantee reasonable protection. Disability due to old age and disability for invalidism and accident are two separate propositions, and to deal with them in one measure in such inadequate financial terms is inviting "guesswork legislation" that will jeopardize the whole plan of old-age insurance.

In the following suggestions regarding a retirement law, the scope of that law is limited entirely to an old-age measure. Before passing to that discussion, it might be well to indicate certain facts regarding disability insurance and a method of determining the occupational risk of teaching.

We are assured by actuaries that no statistics are available to determine with any degree of accuracy the occupational risk of teaching. It is evident that this risk, while it may be greater or less than some other occupations, differs. For example, teaching school offers a different sort of risk from that of working with high-speed machinery. We are also told that the premium rate charged for health and accident insurance by commercial companies is greater than probably needs to be charged for such occupations as that of teaching. This, however, is largely guesswork. No one has yet made an investigation to determine the occupational risk, and it would be highly desirable for some organization having funds at its disposal to undertake such a study.

The average teaching life in the United States has been computed to be between six and seven years. As this period of employment is usually during young womanhood and manhood, the total health risk should be less than for other occupations that attract people for longer years of service. One actuary estimates that a small annual premium, perhaps five dollars, paid by all teachers in a state on a mutual insurance basis, would enable such a body of teachers to pay very satisfactory annuities for totally disabling sickness or temporary or permanent disability due to accident. If such be the case, statistics should be collected from which an actuary can compute the occupational risk and determine an adequate premium rate to cover it. It is possible that in the case of permanent disability, the state should supplement, after a definite term of service, the insurance so raised. But such a fund should be separate from the old-age pension fund.

To collect such statistics would be a comparatively easy task. For example, it should be possible to go back, say forty years, in the records of a normal school and follow the vital history of each member of the graduating classes for five successive years. Such an inquiry would include, in addition to the vital statistics, such information as the length of teaching period, reason for withdrawal, date of reëntrance, length of subsequent service, if any, and the time lost for sickness during teaching periods.

Some such set of figures should be collected for graduating classes dating back, say from twenty to fifteen years. It should be possible, from records of city schools, to ascertain the same body of facts for two five-year periods, following out the life history of each member of the teaching staff between certain dates. A body of material could thus be collected from which an actuary could determine the occupational risk and premium rate.

To sum up, then, disability and old age being entirely different risks, a complete plan of insurance should comprehend at least two distinct measures. It will be better to proceed on sound principles, and since at this time the data for drafting a law covering an equitable insurance scheme against disability are not available, the subject should be approached first from the standpoint of old-age insurance, but with the expectation of completing the scheme as rapidly as possible by the addition, in a separate measure, of a disability law.

Characteristics of a model old-age retirement law

I

It is becoming recognized more and more that in such far-reaching and important legislation as that proposed for retirement systems, the section following the enacting clause should be devoted to defining accurately important terms used in the act. The proposed act, providing for a retirement system for public-school teachers in Massachusetts, contains thirteen definitions. Massachusetts statutes overlap and in some particulars are apparently inconsistent, so that this number need not necessarily mean that every state would need so many. In popular writing, the terms "annuities," "pensions," and "retirement allowances" are indiscriminately used. These are examples of terms, the meaning of which should be precisely indicated as used in the act. In some states the laws are not clear as to exactly what is a public school. A high school or an industrial school may or may not be a public school within the intent of existing law. A careful study of the statutes and judicial decisions is essential in framing a new statute so as to cover just what is intended. Attention to this important matter will doubtless prevent much future litigation.

II

A date for the establishment of the retirement system should be set far enough in the future to allow sufficient time to organize the necessary administrative machinery.

III

Regardless of any local pension plans that may be in force at the time of the adoption of a state-wide act, a date should be fixed, after which all teachers entering the service in the state must become members of the retirement system. It should be provided that all local systems will in time cease to operate.

All teachers in service at the time when the act takes effect should be permitted to become members of the state system regardless of any expectancy they may have in a local system, but provision should be made that at no time after retirement shall a person be in receipt of both a state and a local pension.

Careful provision should be made, however, for reimbursement out of the state treasury to towns and cities continuing to pay pensions under local systems to teachers in service who do not elect to become members of the state system.

A provision should be inserted that teachers who neglect to join the retirement system on the specified date may become members of the retirement association thereafter by paying an amount equal to the amount, with interest, they would have paid had they become members in the beginning.

IV

A retirement board should be established. This should be an unpaid board, but should employ a paid expert secretary as its executive. Its membership, duties, and the method of filling vacancies should be carefully defined. It is suggested that the official heads of the three state departments of insurance, banking, and education should represent the state on this retirement board. Three members should be elected by the prospective beneficiaries from their own membership. These six should elect a seventh member, who should be neither a teacher nor a state official.

Broad powers should be vested in this board, such as power to fix the annuity tables, power to prescribe and enforce administrative orders upon school officials and members of the retirement association, and power to enforce any by-laws adopted to carry out the intent of the law.

V

The method of raising funds should be very carefully prescribed. The necessary funds are: (*a*) expense fund; (*b*) pension fund; (*c*) annuity fund.

The expense fund is the amount necessary to pay the administrative expenses of the system; it should be entirely supported by the state and should be appropriated at each session of the state legislature on estimates furnished by the retirement board.

The pension fund is the amount of money necessary to pay pensions under the act. It is the state's contribution to the system, and should be appropriated at each session of the legislature rather than by building up an enormous sinking fund in anticipation of future demands.

The annuity fund is the amount contributed by the teachers with compound interest upon the same. It is raised by assessments upon the teachers' wages. It should be within the powers of the retirement board to establish an assessment rate within fixed percentages of the salary, say four to seven per cent. There should be no difficulty about leaving this flexible, since the members of the association should have half the representation upon the board and should be in a position to respond readily to the wishes of the members.

There should, however, be a fixed minimum assessment below which no teacher should pay; and a fixed maximum above which no teacher should be permitted to pay. This minimum should be an amount sufficient to provide, according to accepted annuity tables, whatever annuity it is desired to pay at a fixed age. For example: thirty-five dollars deposited annually for thirty years will, at compound interest at three per cent, pay an annuity of approximately one hundred and fifty dollars at age sixty years. It is possible, then, to place this system upon a sound insurance basis. Thirty annual contributions of one hundred dollars will yield at regular interest (three per cent) an amount sufficient to produce an annuity of approximately five hundred dollars at age sixty.

As has been pointed out before, while a thirty-five dollar annual assessment may look large to many teachers, this cost may rapidly be shifted over upon the community employing the teachers and no permanent diminution of wages will follow. In fact, it may be expected that wages will in some school systems, at least, rapidly respond to this necessary increased expense to the teacher.

Provision should be made that teachers may pay assessments during the entire time of their service, providing that they may not contribute an amount in excess of the amount necessary to produce an annuity of five hundred dollars at the age of sixty.

VI

The time and method of paying retirement allowances should be carefully prescribed. For example, if sixty years is taken as the age for voluntary retirement, then seventy may well be taken as the age for compulsory retirement. The teacher should be definitely guaranteed that the amount which he has contributed, with compound interest thereon, will produce a definitely fixed annuity. The state should pay an equal amount in a pension. At this point it is desirable, especially in the case of men who may have dependent families, to give an option between receiving a definite annuity and a smaller annuity with a certain guaranty of insurance. Such phraseology as the following covers this: —

> An annuity of less amount, payable in quarterly payments, as may be determined by the retirement board, with the provision that if the annuitant dies before receiving payments equal to the sum of his assessments with regular interest, the difference between such payments and the amount of his contributions, with regular interest, shall be paid to his legal representatives.

This option is given by insurance companies, and the annuity so fixed by one company amounts to 78-108 of the total annuity due. The difference is virtually the premium on a paid-up insurance.

One of the most difficult sections to construct is one putting a teacher in service on an equality with teachers yet to enter the service, that is to say, so that past service may receive from the state compensation equal to that provided for future service. We have here a situation involving teachers who have from one to thirty years to serve; teachers who have served varying numbers of years in the state; some who can make contributions sufficient to produce a respectable annuity, others who cannot. So far as the pension goes (the state's contribution), all teachers should be on exactly the same footing. The following phraseology shows how such a situation may be met: —

Any teacher in service when this act takes effect who shall have become a member of the retirement association, and who shall have served fifteen years or more in the public schools of the state, not less than five of which shall immediately precede retirement, shall be entitled to receive a retirement allowance as follows: —

(*a*) Such annuity as his contributions may earn.

(*b*) A pension equal to the annuity.

(*c*) An additional annual pension to such an amount that the sum of this additional pension and the pension mentioned in (*b*) shall equal the pension to which he would have been entitled had he paid thirty assessments on his average yearly wage for the fifteen years preceding his retirement at the rate in effect at the time of his retirement.

(*d*) A clause should be added guaranteeing that if the total retirement allowance under (*a*), (*b*), and (*c*), is not, say three hundred dollars, the state shall provide a further pension sufficient to make a total retirement allowance of three hundred dollars.

Under such a plan, every teacher retiring, whether he retires immediately after the act takes effect or serves for a series of years, is guaranteed three hundred dollars. He pays assessments so long as he may remain in service after the act takes effect. His annuity is guaranteed, and his pension is on the same basis as if his pension were reckoned on future service.

VII

Provision should be made for the return of all assessments, with interest thereon, in case the teacher withdraws for any cause prior to becoming eligible to retirement. It is contended by many people that if this withdrawal takes place after ten years of service, the amount should be repaid in the form of an annuity in order to safeguard the invested savings of the teacher. In case a teacher withdraws and dies before receiving the amount of his contributions, the difference should be paid to his legal heirs.

VIII

Provision should be made exempting the annuity fund from taxation, attachment, or assignment, and all funds that are invested in personal property should be exempt from taxation.

IX

The duties of local school officials in executing the provisions of the act should be formulated with great care. For example, it should be the duty of the school officials —

1. To notify every applicant for a teaching position of his duties and obligations under the retirement act.
2. To certify to the retirement board the names of all teachers in their employ to whom the act applies.
3. To notify the retirement board of the employment of new teachers, removals, withdrawals, changes in salary.
4. To furnish all information required by the retirement board in the discharge of its duties.
5. To deduct, as directed by the retirement board, from the salary due each teacher, all

amounts due as contributions to the annuity fund.

6. To keep careful records as required by the retirement board.

X

The treasurer of each town or city should forward to the state treasurer all amounts due as deducted by employing school authorities. The state treasurer should be the custodian of the annuity fund, should invest it, and should be obliged by law to furnish to the retirement board an annual statement of the condition of the annuity fund. The state treasurer should also, on order of the retirement board, pay all pensions and annuities.

XI

In many states, the question of absorbing local pension systems into a state system will be a vexing one. A great amount of discrimination must be exercised in order to preserve the rights of all prospective beneficiaries of local pension systems, on the one hand, and local taxpayers, on the other. The method of taking over local retirement systems by the New York state system is an example of unfortunate legislation.

Suffice it to say that actuaries have declared the New York state retirement system as absolutely bankrupt, and the law in crying need of amendment. Sections similar to the two following will go a long way toward solving the difficulty: —

Whenever a town or city retires a teacher after the adoption of this act, and pays such teacher a pension in accordance with any pension system previously authorized by law, and the school officials of said town or city certify under oath to the retirement board to the amount of said pension, said town or city shall be reimbursed therefor annually from the state treasury; provided that no such reimbursement shall be in excess of the amount, as determined by the retirement board, to which said teacher would have been entitled as a pension had he become a member of the retirement association under the provisions of this act.

On or before (here insert a date) of each session of the legislature, the retirement board shall present to the legislature a statement of the amount expended previous to the preceding first day of December by cities and towns in the payment of pensions under the provisions of the preceding paragraph, for which such cities and towns should receive reimbursement. On the basis of such a statement, the General Court may make an appropriation for the reimbursement of such cities and towns up to the first day of December.

By means of such provisions the rights of all parties are protected, and by a provision to the effect that all new teachers must become members of the state system and not the local system, the principle of state pensions is guaranteed, and it will only be a limited number of years when all local pension systems will be wiped out and a complete state system set up.

XII

A date should be set after which local pension schemes, if any exist in the state, shall become inoperative for teachers entering the service.

XIII

Some court should be specifically authorized, as having jurisdiction in the first instance, in case of dispute between a beneficiary and the retirement board.

V

GETTING LEGISLATION[1]

It will be apparent to those who have read thus far that the problem of teachers' pensions is by no means as simple as it was thought not long since, and no campaign for legislation should be undertaken without serious study of all the factors involved. It is of vastly greater importance than simply relieving the schools of a few outworn teachers, and the time has arrived in the development of such legislation when we should approach the subject with certain well-ascertained facts and principles in mind. Much of this legislation heretofore has been hasty and ill-considered, and some of it has been in effect long enough to show that the anticipated benefits do not accrue; hence, in some states there is already a demand for amendment and changes of various sorts both in local and state plans.

The ideal method of legislation would be the enactment of two separate measures — one applying to teachers in service on a certain date;

[1] See also, "Teachers' Pension Legislation in Massachusetts," W. I. Hamilton, *School Board Journal*, August, 1913.

the other applying to teachers entering the service after that date. So far as is known this method has never been followed in this country, but from now on it should receive careful consideration. There is a clear line of demarcation between the two groups of teachers mentioned, and certain provisions can be made affecting new teachers that would be neither equitable nor just in the case of teachers already in service. Contributory systems can be made compulsory for teachers entering the service as one of the terms of such service, but in the case of teachers already in service participation should be voluntary.

As a further illustration it may be pointed out that new teachers can be required to teach a sufficient length of time to guarantee a reasonable annuity yielded by their own contributions, whereas in the case of teachers already in the service, some of whom should be retired at once, the state may expect to pay a larger proportionate share of the retirement allowance than it would for new teachers. In many of our states, equities in existing pension systems have been built up by teachers now in service which they do not wish to give up; whereas in the case of new teachers a way should be found to require all new teachers to enter the state system, and this means the ultimate abandonment of all existing local systems.

It should be anticipated that no new system will be inaugurated that will not be financially sound and provide definitely ascertained annuities. It has already become evident that certain local systems do not meet these conditions, and from every standpoint it would be far better for teachers in those places to seek a method of participation in a sound state system.

Opposition to this plan for two laws is almost certain to develop. Teachers fear that a legislature will enact a law costing little or nothing for its execution until after a long period of years has elapsed, but might not be willing to enact another law providing for them on an equal financial basis, calling for immediate expenditure. Favorably disposed members of the legislature, fearing the opposition of forces arrayed against all forms of state pensions, frequently will manifest a desire to deal with the questions in one measure.

There will be less difficulty in states in which local pension systems are little developed, as in these states all that is necessary is the education of the public to the support of sound social insurance principles. There will be more and more opposition as local pension systems may extend; and when certain vested rights are built up through a long term of years, the absorption of local pension systems into a sound state system becomes an extremely difficult and complicated question. Indeed, it is not clear that it has yet been successfully done in this country.

The New York state system is an unfortunate example of an attempt to pass a satisfactory law providing for all teachers in the state, at the same time catering to certain prejudices, more or less well considered, on the part of many teachers already provided with pensions from local sources. This experience clearly indicates the necessity for a different method of procedure.

The writer does not undertake to lay out a program that will fit all the states not now providing teachers' pensions. Such effort would be useless, as local conditions make a vast deal of difference in dealing with any question of legislation. While no complete statement can be made, certain facts can now be regarded as established; and it is urged that when any legislation is projected, it shall be with the idea of providing a sound and equitable system for all teachers entering the service on and after a fixed date and the immediate or gradual abandonment of all local systems. With this principle in mind any necessary adjustments can be made for taking care of teachers now in the service.

Only one method can be followed which will bring about this result, namely, the securing of a unanimous public sentiment; and the public in this case includes at least the teachers provided with pensions under local schemes, other teachers not provided with pensions, prospective teachers, and all the citizens of the state interested in social welfare. Public sentiment must be aroused to recognize that the pension provided by the state tends to the ultimate good of *all* the schools of the state, whereas local pension systems may perpetuate certain already existing inequalities in the public-school system. The support of a method that will secure this unanimous public opinion indicates a degree of professional spirit greatly to be desired in the teachers of the country.

If it is proved to be impossible to pass two separate bills, old teachers and new teachers should be dealt with in separate sections of the one bill; and there should be a clear line of demarcation in the provisions affecting these teachers, even at the expense of repetitions, and the provisions affecting each group should be clear and distinct so as to avoid confusion in the minds of legislators, the public, and the teachers affected. When such a bill has been drawn, with the experience we now have there can be no excuse for not submitting the same to an actuary, who will be able to state to a close approximation the amount allowed each teacher under its terms, and pass upon the financial soundness of the proposed scheme.

As pointed out in a previous paragraph, there is bound to be a growing amount of difficulty in merging local pension systems into the state system, because in many states these local systems authorized by law have grown to considerable magnitude. It is always difficult to win to new things those who already have fixed rights in the old. It is the inevitable tendency on the part of the holders thereof to let well enough alone and to look with suspicion upon the new. Furthermore, in many sections of the country, if not in all, there is a formidable amount of local pride, and a great faith in local autonomy, along with considerable distrust for centralization.

It is difficult, and perhaps impossible, to state in terms of dollars and cents the exact amount of annuities or future financial benefits under such a plan as has been proposed herein, while many existing plans provide for flat pensions. The apparent security of local pensions has proved unfounded under several existing plans, but wherever it exists, one can count on opposition to the plan herein proposed. It has been demonstrated that it is impossible in some sections of the country to get teachers now in service willingly to abandon their local plans and come into a state system.

Since local pension systems generally develop first in large cities, an attempt to force all teachers into a state system is likely to develop an undesirable antagonism between the teachers of those cities and the teachers elsewhere in the state. There is always the fear on the part of many taxpayers that they may be doubly taxed for the support of both local and state plans. This opposition can be disposed of by a proper system of reimbursement.

Participation in a state system and abandonment of local systems should not be insisted upon to the detriment of other important interests, but if in the preliminary period we can clear the ground by unanimous agreement that all new teachers must come into a state system, and all local plans must then gradually be abandoned, we have greatly simplified the difficulties in getting satisfactory legislation. We should go further wherever possible and open the way for teachers already in service anywhere in the state to enter the state system, because any pension system based upon sound insurance principles succeeds in proportion to the number of people in it.

Furthermore, without such a provision there will always be the question of the status of teachers who begin teaching under the provision of the state system and then at a later period go to some city supporting a local system. Such a situation is now found in the State of Massachusetts, where Boston teachers are, at their desire, excluded from the state system. It is not clear what will be the status of a teacher who serves fifteen or twenty years outside of that city and then enters the service of the Boston public schools.

It would seem that there is no sound argument for the permanent exclusion of any group of teachers from the operation of a state law. No municipal pension law is so liberal that its financial benefits should not be duplicated by the state law, when the *municipal* plan is sound. Some of them are not. Even so good a system as that of New York City has been supposed to be has reached a point where the secretary says, in his latest annual report, "It is time our pension law was rewritten on sound actuarial lines." With proper care there is every likelihood that the state system will be sound and permanent; whereas many local systems are temporary and expedient, and up to date have been looked upon as a method for relieving the schools of certain outworn teachers rather than as a large problem of social insurance.

Approaching the whole problem broadly, however, after an organization has been effected and a public sentiment developed that will support a state teachers' pension system, it would seem advisable for a commission to be appointed that will study the problem scientifically and in the light of all available information. In all probability, such a commission, if given sufficient time, could work out, in states where there are local pension systems, a merger scheme that would be satisfactory to the local communities on the side of taxation and provide justly for all teachers concerned.

It would be well for such a commission to report in advance of bringing the pension bill before the legislature; but if such a procedure is not followed, definite provision for such scientific study should be made in the proposed law. It might be possible to provide for a state board of retirement, having power to make such adjustments as are necessary, subject to the approval of the governor. While such provision could not pass in many states because of local prejudices, there is a growing tendency to legislate with more care and more accurate knowledge than heretofore. Wisconsin has given us splendid examples of this tendency. There is the further tendency to legislate in broad general terms, leaving the working-out of details to responsible boards and commissions.

It is inexpedient, and probably in the end it will prove impossible, to have two kinds of pension systems for teachers in operation simultaneously in any state. Doubtless for some time we shall continue to have the attempt made. It cannot be too strongly urged, however, that a beginning should be made in any legislation hereafter by insisting that all new teachers entering the service must enter the state retirement system regardless of the operation of any local system. With this provision insisted upon, we might then have a number of local systems in process of merging; that is to say, some teachers in any town or city will be prospective beneficiaries of the local system and others of the state system. The teachers under local systems will gradually work out of the service by resignation, death, and retirement, and at the close of say thirty years we can expect, in any state where this sort of adjustment is made, the full operation of a complete state system.

While the merging process thus indicated is going on under the system of taxation prevailing in most states, no town or city should be exempted from taxation to maintain the state system, inasmuch as some of the teachers in every town and city in the state would be prospective beneficiaries of the plan. It should be borne in mind, however, that since many teachers for some years will be under a local system, some method of equitable reimbursement therefor must be worked out, and up to date it would seem that the Massachusetts system (see section 13) proposes the most satisfactory method.

APPENDIX A

STATE teachers' pension systems are sure to become the rule rather than the exception in this country. Nine complete state systems are now in existence, four of which were set up during the legislative year 1912–13. In Connecticut a law was put through the legislature but vetoed by the governor. In Michigan a law was defeated by a narrow margin in the senate. In these states, and in at least four others, campaigns are now under way looking toward the passage of laws at the next session of the legislatures.

In view of these facts, and also because sufficient experience has already accumulated to render certain general statements possible and safe, the writer considers that this discussion would be incomplete without the presentation of the draft of an act for the establishment of a teachers' retirement system actually in existence. For this purpose the Massachusetts Act (1913) has been selected. President Pritchett, of the Carnegie Foundation, has pronounced this "the best and most carefully considered law for teachers' pensions yet proposed in this country." It conforms more clearly than any other to the principles heretofore discussed in this study, and on the whole marks a step forward in this sort of legislation. There are, however, certain defects and "danger points" in the law. These, as well as some points of excellence, are briefly discussed in the footnotes to the text of the law.

It is to be hoped that this old-age measure may be supplemented by an equally good measure providing for retirement for disability before age sixty years. The legislature of 1911 directed the Massachusetts Board of Education to investigate the matter of teachers' pensions and report on the same, but failed to provide any funds for the research work necessary before any adequate report could be made on the health risk, or disability risk, of the teacher. The board wisely confined its efforts to the field of an old-age pension, in which there are sufficient data and experience to justify the enactment of a law.

[Chap. 832]

An Act to establish a retirement system for public school teachers

Be it enacted, etc., as follows: —

Section 1. The following words and phrases as used in this act, unless a different meaning is plainly required by the context, shall have the following meanings: —

(1) "Retirement system" shall mean the arrangement provided in this act for payment of annuities and pensions to teachers.

(2) "Annuities" shall mean payments for life derived from contributions from teachers.

(3) "Pensions" shall mean payments for life derived from contributions from the commonwealth.

(4) "Teacher" shall mean any teacher, principal, supervisor or superintendent employed by a school committee, or board of trustees, in a public day school within the commonwealth.

(5) "Public school" shall mean any day school conducted within this commonwealth under the order and superintendence of a duly elected school committee and also any day school conducted under the provisions of chapter four hundred and seventy-one of the acts of the year nineteen hundred and eleven.

(6) "Regular interest" shall mean interest at three per cent per annum, compounded annually on the last day of December of each year.

(7) "Retirement board" shall mean the teachers' retirement board, as provided in section four of this act.

(8) "Retirement association" shall mean the teachers' retirement association, as provided in section three of this act.

(9) "Expense fund" shall mean the fund provided for in paragraph numbered one in section five of this act.

(10) "Annuity fund" shall mean the fund provided for in paragraph numbered two in section five of this act.

(11) "Pension fund" shall mean the fund provided for in paragraph numbered three in section five of this act.

(12) "School year" shall mean the twelve months from the first day of July of any year to the thirtieth of June next succeeding.

(13) "Assessments" shall mean the annual payments to the annuity fund by members of the association.

ESTABLISHMENT OF A TEACHERS' RETIREMENT SYSTEM

SECTION 2. A teachers' retirement system shall be established on the first day of July, nineteen hundred and fourteen.

TEACHERS' RETIREMENT ASSOCIATION

SECTION 3. A teachers' retirement association shall be organized among the teachers in the public schools as follows: —

(1) All teachers, except those specified in paragraph (3) of this section, who enter the service of the public schools for the first time on or after July first, nineteen hundred and fourteen, shall become thereby members of the association.

(2) All teachers, except those specified in paragraph (3) of this section, who shall have entered the service of the public schools before June thirtieth, nineteen hundred and fourteen, may at any time between July first, nineteen hundred and fourteen, and September thirtieth, nineteen hundred and fourteen, upon application in writing to the commissioner of education, become members of the retirement

association. Any teacher failing to do so may thereafter become a member of the retirement board[1] by paying an amount equal to the total assessments, together with regular interest thereon, that he would have paid if he had joined the retirement association on September thirtieth, nineteen hundred and fourteen.

(3) Teachers in the service of the public schools of the city of Boston shall not be included as members of the retirement association.[2]

STATE TEACHERS' RETIREMENT BOARD

SECTION 4. (1) The management of the retirement system is hereby vested in the teachers' retirement board, consisting of seven members: the insurance commissioner for the commonwealth, the bank commissioner for the commonwealth, the commissioner of education for the commonwealth, three members of the retirement association and one other person. Upon organization of the retirement association the members thereof shall elect from among their num-

[1] This is obviously an error, the context requires "*association*" instead of "*board*."

[2] This violates the principle heretofore laid down (III, page 76, also page 95) that all local pension systems should ultimately be absorbed into a state system. The Boston act gives part pension for disability prior to age sixty-five years; the state act does not recognize disability before age sixty years as cause for retirement. The Boston teachers were unwilling to surrender this right, and in order to get any legislation, this provision was necessary.

ber in a manner to be approved by the insurance commissioner, the bank commissioner and the commissioner of education, three persons to serve upon the retirement board, one member to serve for one year, one for two years and one for three years, and thereafter the members of the retirement association shall elect annually from among their number in a manner to be approved by the retirement board one person to serve upon the retirement board for the term of three years. The seventh member of the retirement board shall be elected annually by the other six to serve for the term of one year.[3] On a vacancy occurring on the board, a successor of such person whose place has become vacant shall be chosen in the same manner as his predecessor to serve until the next annual election. Until the organization of the retirement association and the election of three representatives therefrom, the insurance commissioner, the bank commissioner and the commissioner of education shall be empowered to perform the duties of the retirement board.

(2) The members of the retirement board shall serve without compensation, but they shall be reimbursed from the expense fund of the retirement association for any expenditures or loss of salary or wages which they may incur through serving on the board. All claims for reimbursement on this account shall be subject to the approval of the governor and council.

[3] This would have been stronger if provision had been made for appointment of the seventh member by the governor, in case of failure to elect after a reasonable time.

(3) The retirement board shall have power to make by-laws and regulations not inconsistent with the provisions of this act; and to employ a secretary who shall give a bond in such amount as the board shall approve, and clerical and other assistance as may be necessary.[4] The salaries shall be fixed by the board, with the approval of the governor and council.

(4) The retirement board shall provide for the payment of retirement allowances and such other expenditures as are required by the provisions of this act.

(5) The retirement board shall adopt for the retirement system one or more mortality tables, and shall determine what rates of interest shall be established in connection with such tables, and may later modify such tables or prescribe other tables to represent more accurately the expense of the retirement system, or may change such rates of interest, and may determine the application of the changes made.

(6) The retirement board shall perform such other functions as are required for the execution of the provisions of this act.

CREATION OF FUNDS

SECTION 5. The funds of the retirement system shall consist of an expense fund, an annuity fund and a pension fund.

(1) The expense fund shall consist of such amounts

[4] This is an awkward construction, although the meaning is probably clear.

as shall be appropriated by the general court from year to year on estimates submitted by the retirement board to defray the expense of the administration of this act, exclusive of the payment of retirement allowances.

(2) The annuity fund shall consist of assessments paid by members of the retirement association, and interest derived from investments of the annuity fund. Each member of the retirement association shall pay into the annuity fund, by deduction from his salary in the manner provided in section nine, paragraph five, of this act, such assessments upon his salary as may be determined by the retirement board. The rate of assessment shall be established by the retirement board on the first day of July of each year after a prior notice of at least three months, and shall at any given time be uniform for all members of the retirement association, and shall not be less than three per cent nor more than seven per cent of the members' salary:[5] *provided, however,* that when the total sum of assessments on the salary of any member at the rate established by the retirement board would amount to more than one hundred dollars or less than thirty-five dollars[6] for any

[5] Objection has been raised to this provision. The claim is made that the power to fix the assessment rate should not be vested in the retirement board. Inasmuch as the beneficiaries have a fair representation on the board, there is small danger of any unjust or arbitrary misuse of authority.

[6] Thirty payments of thirty-five dollars each will produce an annuity of one hundred and fifty dollars at age sixty years. Since the pension equals the annuity, every teacher

school year, such member shall in lieu of assessments at the regular rate be assessed one hundred dollars a year or thirty-five dollars a year as the case may be, payable in equal instalments to be assessed for the number of months during which the schools of the community in which such member is employed are commonly in session. Any member of the retirement association who shall for thirty years have paid regular assessments to the annuity fund as provided herein, shall be exempt from further assessments; but such member may thereafter, if he so elects, continue to pay his assessments to the fund. No member so electing shall pay further assessments after the total sum of assessments paid by him shall at any time have amounted, with regular interest, to a sum sufficient to purchase an annuity of five hundred dollars at age sixty;[7] and interest thereafter accruing shall be paid to the member at the time of his retirement.

(3) The pension fund shall consist of such amounts

retiring under the terms of the act is practically guaranteed a minimum retirement allowance of three hundred dollars. See also Section 6, (5).

[7] The amount necessary to yield an annuity of five hundred dollars at age sixty years will yield very nearly seven hundred and fifty dollars at age seventy years. Hence it will be possible for teachers paying the maximum assessments (one hundred dollars per annum) for a long term of years to retire on an allowance of fifteen hundred dollars if they continue in service until age seventy years. As an offset to the possible temptation to remain in service too long for the sake of building up a larger equity, provision is made in Section 6, (1), for retirement after age sixty years by the school committee.

as shall be appropriated by the general court from time to time on estimates submitted by the retirement board for the purpose of paying the pensions provided for in this act.

PAYMENT OF RETIREMENT ALLOWANCES

SECTION 6. (1) Any member of the retirement association may retire from service in the public schools on attaining the age of sixty years, or, at any time thereafter, if incapable of rendering satisfactory service as a teacher, may, with the approval of the retirement board, be retired by the employing school committee.

(2) Any member of the retirement association, on attaining the age of seventy years, shall be retired from service in the public schools.

(3) A member of the retirement association after his retirement under the provisions of paragraphs numbered (1) or (2) of this section, shall be entitled to receive from the annuity fund, as he shall elect at the time of his retirement, on the basis of tables adopted by the retirement board: — (*a*) an annuity payable in quarterly payments, to which the sum of his assessments under section five, paragraph (2), with regular interest thereon, shall entitle him; or,[8]

[8] This option is an important feature from an insurance standpoint. While it cannot be stated accurately in dollars and cents, since it is not known what tables the retirement board will adopt, this smaller annuity amounts to about 78-108 of the full annuity due. The remainder is retained as a pre-

(*b*) an annuity of less amount, as determined by the retirement board for the annuitants electing such option, payable in quarterly payments, with the provision that if the annuitant dies before receiving payments equal to the sum of his assessments under section five, paragraph (2), with regular interest, at the time of his retirement, the difference between the total amount of said payments and the amount of his contributions with regular interest shall be paid to his legal representatives.

(4) Any member of the retirement association receiving payments of an annuity as provided in paragraph numbered (3) of this section shall, if not rendered ineligible therefor by the provisions of section twelve of this act, receive with each quarterly payment of his annuity an equal amount to be paid from the pension fund as directed by the retirement board.

(5)[9] Any teacher who shall have become a mem-

mium, insuring to the heirs the unpaid balances in the annuity fund. The objectionable feature in this option is the cutting down of the pension, since the law provides a pension equal to the annuity received, paragraph (4). This should be amended.

[9] This paragraph dealing with teachers now in service is on first reading particularly complicated, but careful study will show that it fits into the other provisions of the law in a concise but effective manner. Briefly, it means that a teacher's retirement allowance may be made up of four parts: —

(*a*) The annuity yielded by his contributions.

(*b*) A pension equal to (*a*).

(*c*) A prior service pension based on what he would have received had the act been in force when he entered service.

ber of the retirement association under the provisions of paragraph numbered (2) of section three, and who shall have served fifteen years or more in the public schools of the commonwealth, not less than five of which shall immediately precede retirement, shall, on retiring as provided in paragraph (1) and (2) of this section, be entitled to receive a retirement allowance as follows: — (*a*) such annuity and pension as may be due under the provisions of paragraphs numbered (3) and (4) of this section; (*b*) an additional pension to such an amount that the sum of this additional pension and the pension provided in paragraph (4) of this section shall equal the pension to which he would have been entitled under the provisions of this act if he had paid thirty assessments on his average yearly wage for the fifteen years preceding his retirement and at the rate in effect at the time of his retirement: *provided*, (1), that if his term of service in the commonwealth shall have been over thirty years the thirty assessments shall be reckoned as having begun at the time of his entering service and as drawing regular interest until the time of retirement; and *further provided*, (2) that if the sum of such additional pension together with the annuity and pension provided for by paragraphs numbered (3) and (4) of this section is less than three hundred

(*d*) If (*a*), (*b*), and (*c*) will not yield three hundred dollars, an additional sum up to three hundred dollars.

In short, teachers in service when the act takes effect are guaranteed a pension on the same basis as teachers entering the service thereafter, and possibly under (*d*) a little more.

dollars in any one year, an additional sum sufficient to make an annual retirement allowance of three hundred dollars shall be paid from the pension fund.

(6) If at any time it is impossible or impracticable to consult the original records as to wages received by a member during any period, the retirement board shall determine the pension to be paid under paragraph numbered (5) (*b*) of this section in accordance with the evidence they may be able to obtain.

WITHDRAWAL AND REINSTATEMENT[10]

SECTION 7. (1) Any member of the retirement association withdrawing from service in the public schools before becoming eligible to retirement shall be entitled to receive from the annuity fund all amounts contributed as assessments, together with regular interest thereon, in the manner hereinafter provided.

(2) If such withdrawal shall take place before ten annual assessments have been paid, the total amount to which such member is entitled as determined by the retirement board under the provisions of this act shall be paid to him in four annual instalments.

[10] The withdrawal equities provided for in this section are thoroughly sound. Teaching is a short-lived profession. The average teaching life in this country is about seven years. Retaining any portion of the teachers' contributions, as is done in most of the teachers' pension plans now in existence, is building up an insurance fund for a few old teachers, largely at the expense of the vastly greater number of young teachers who will never become pensionable.

(3) If such withdrawal shall take place after ten annual assessments have been paid the amount so refunded shall be in the form of such annuity for life based on the contributions of such member, together with regular interest thereon, as may be determined by the retirement board according to its annuity tables, or in four annual instalments, as such member may elect.

(4) If a member of the association withdrawing and receiving payments in accordance with paragraphs numbered (2) and (3) of this section, shall die before the amount of such payments equals the amount of his contributions to the annuity fund with regular interest, the difference between the amount of such payments and the amount of his contributions with regular interest shall be paid to his legal representatives.

(5) Any member of the retirement association who shall have withdrawn from service in the public schools shall, on being re-employed in the public schools, be reinstated in the retirement association in accordance with such plans for reinstatement as the retirement board shall adopt.[11]

(6) If a member of the retirement association shall die before retirement, the full amount of his contributions to the annuity fund with regular interest to the day of his death shall be paid to his legal representatives.

[11] While it may be good policy not to legislate in advance of known conditions, this provision opens the way for some differences and possible litigation.

TAXATION, ATTACHMENTS AND ASSIGNMENTS

SECTION 8. That portion of the salary or wages of a member deducted or to be deducted under this act, the right of a member to an annuity or pension, and all his rights in the funds of the retirement system shall be exempt from taxation, and from the operation of any laws relating to bankruptcy or insolvency, and shall not be attached or taken upon execution or other process of any court. No assignment of any right in, or to, said funds shall be valid. The funds of the retirement system, so far as invested in personal property, shall be exempt from taxation.

DUTIES OF THE SCHOOL COMMITTEE [12]

SECTION 9. (1) The school committee of each town and city in the commonwealth shall, before employing in any teaching position any person to whom this act may apply, notify such person of his duties and obligations under this act as a condition of his employment.

(2) On or before October first of each year the

[12] No penalty is attached for nonperformance of the duties prescribed in this section. States having any considerable amount of money to disburse as aid for schools will do well to make the receipt of such money contingent upon the proper discharge of these as well as other duties prescribed by law. Compared with most other states, Massachusetts distributes little and lacks this effective method of control. Experience in Massachusetts justifies the prediction that considerable trouble will arise in enforcing the provisions of this section, which can be avoided in many other states.

school committee of each town and city in the commonwealth shall certify to the retirement board the names of all teachers to whom this act shall apply.

(3) The school committee of each town and city in the commonwealth shall, on the first day of each calendar month, notify the retirement board of the employment of new teachers, removals, withdrawals, changes in salary of teachers, that shall have occurred during the month preceding.

(4) Under the direction of the retirement board the school committee of each town or city in the commonwealth shall furnish such other information as the board may require relevant to the discharge of the duties of the board.

(5) The school committee of each town and city in the commonwealth shall, as directed by the retirement board, deduct from the amount of the salary due each teacher employed in the public schools of such city or town such amounts as are due as contributions to the annuity fund as prescribed in this act, shall send to the treasurer of said town or city a statement as voucher for such deductions, and shall send a duplicate statement to the secretary of the retirement board.

(6) The school committee of each town and city in the commonwealth shall keep such records as the retirement board may require.

DUTIES OF BOARDS OF TRUSTEES

SECTION 10. In administering this act for the benefit of teachers in schools conducted in accordance with chapter four hundred and seventy-one of the acts of the year nineteen hundred and eleven, the boards of trustees of said schools are hereby authorized and required to perform all the duties prescribed for school committees under this act.

CUSTODY AND INVESTMENT OF FUNDS

SECTION 11. (1) The treasurer of each town or city in the commonwealth on receipt from the school committee or board of trustees of the voucher for deductions from the teachers' salaries provided for in section nine shall transmit, monthly, the amounts specified in such voucher to the secretary of the retirement board.

(2) The secretary of the retirement board shall monthly pay to the treasurer of the commonwealth all sums collected by him under the provisions of paragraph (1).

(3) All funds of the retirement system shall be in custody and charge of the treasurer of the commonwealth and the treasurer shall invest such funds as are not required for current disbursements in accordance with the laws of the commonwealth governing the investment of sinking funds. He may, whenever he sells securities, deliver the securities so sold upon receiving the proceeds thereof, and may execute any or all documents necessary to transfer the title thereto.

(4) The treasurer of the commonwealth shall make such payments to members of the retirement association from the annuity fund and pension fund as the

retirement board shall order to be paid in accordance with sections six and seven of this act.

(5) On, or before, the third Wednesday in January, the treasurer of the commonwealth shall file with the insurance commissioner for the commonwealth, and with the secretary of the retirement board, a sworn statement exhibiting the financial condition of the retirement system on the thirty-first day of the preceding December and its financial transactions for the year ending at such date. Such statement shall be in the form prescribed by the retirement board and approved by the insurance commissioner.

MEMBERSHIP IN OTHER RETIREMENT ASSOCIATIONS

SECTION 12. (1) No person required to become a member of the association, under the provisions of paragraph (1) of section three of this act shall be entitled to participate in the benefits of any other teachers' retirement system, supported in whole or in part by funds raised by taxation, or to a pension under the provisions of chapter four hundred and ninety-eight of the acts of the year nineteen hundred and eight, or chapter five hundred and eighty-nine of the acts of the year nineteen hundred and eight, as amended by chapter six hundred and seventeen of the acts of the year nineteen hundred and ten.

(2) No member of the retirement association shall be eligible to receive any pension as described in section six of this act, who is at the time in receipt of a pension paid from funds raised in whole or in part

from taxation under the provisions of chapter four hundred and ninety-eight of the acts of the year nineteen hundred and eight, or chapter five hundred and eighty-nine of the acts of the year nineteen hundred and eight, as amended by chapter six hundred and seventeen of the acts of the year nineteen hundred and ten, or of any other act providing pensions for teachers, providing that this paragraph shall not be construed as applying to the Boston Teachers' Retirement Fund Association.

REIMBURSEMENT OF CITIES AND TOWNS [13]

SECTION 13. (1) Whenever, after the first day of July, nineteen hundred and fourteen, a town or city retires a teacher who is not eligible to a pension under the provisions of section six, paragraph (4) of this act, and pays to such teacher a pension in accordance with chapter four hundred and ninety-eight of the acts of the year nineteen hundred and eight, or chapter five hundred and eighty-nine of the acts of the year nineteen hundred and eight, as amended by

[13] The method of reimbursement here provided is modeled on the law for reimbursement for industrial schools. It was doubtless the best method for getting legislation in 1913, but since, in connection with Section 15, it permits the indefinite continuance of local pension schemes, it can be commended only as a workable compromise. Such compromises have to be made in the initial stages of social welfare legislation and are justifiable as temporary expedients rather than permanent solutions. Other states will do well to study carefully the workings of this plan in Massachusetts.

chapter six hundred and seventeen of the acts of the year nineteen hundred and ten, and the school committee of said town or city certifies under oath to the retirement board to the amount of said pension, said town or city shall be reimbursed therefor annually by the commonwealth: *provided*, that no such reimbursement shall be in excess of the amount, as determined by the retirement board, to which said teacher would have been entitled as a pension, had he become a member of the retirement association under the provisions of section three, paragraph (2) of this act.

(2) On or before the first Wednesday of January of each year, the retirement board shall present to the general court a statement of the amount expended previous to the preceding first day of July by cities and towns in the payment of pensions under the provisions of the preceding paragraph, for which such cities and towns should receive reimbursement. On the basis of such a statement, the general court may make an appropriation for the reimbursement of such cities and towns up to such first day of July.

JURISDICTION OF COURT

SECTION 14. The superior court shall have jurisdiction in equity upon petition of the insurance commissioner or of any interested party to compel the observance and restrain the violation of this act, and of the rules and regulations established by the retirement board hereunder.

REFERENDUM AND REPEAL

SECTION 15. Upon the petition of not less than five per cent of the legal voters of any city or town that has adopted chapter four hundred and ninety-eight of the acts of the year nineteen hundred and eight, this question shall be submitted, in case of a city, to the voters of such city at the next city election, and, in case of a town, to the voters of such town at the next annual town meeting, and the vote shall be in answer to the question to be placed upon the ballot: "Shall an act passed by the general court in the year nineteen hundred and eight, entitled 'An Act to authorize cities and towns to establish pension funds for teachers in the public schools,' be repealed?" and if a majority of the voters voting thereon at such election or meeting shall vote in the affirmative, said act shall be repealed in such city or town.

SECTION 16. So much of chapter four hundred and ninety-eight of the acts of the year nineteen hundred and eight as authorizes its submission to the voters of a city or town for acceptance after the passage of this act is hereby repealed.[14]

SECTION 17. This act shall take effect upon its passage.

Approved June 19, 1913.

[14] This refers to the permissive act of 1908, allowing towns and cities by referendum vote to pension teachers. Although in 1913 it had been adopted by eleven communities, it was found to be an unsatisfactory method of retiring teachers even in those places, and entirely unworkable in many sections of the state.

APPENDIX C

A BRIEF BIBLIOGRAPHY

A GREAT amount of material on the subject of social insurance has appeared during the last few years. Listed herewith are the books and articles most useful in preparing this monograph.

Reports —

Report on Teachers' Retirement Allowances. Massachusetts Board of Education, 1913.

Workmen's Insurance Compensation Systems in Europe. Two vols. Twenty-fourth Annual Report of the Commissioner of Labor, 1909, Washington, D.C.

Workmen's Insurance and Benefit Funds in the United States. Twenty-third Annual Report of the Commissioner of Labor, 1908, Washington, D.C.

FRANKEL *and* DAWSON. *Workingmen's Insurance in Europe.* Charities Publishing Company, New York.

Bulletin no. 97, Bureau of Labor, November, 1911, Washington, D.C.

House Document no. 732. 62d Congress, 2d Session. (Retirement from the classified service of superannuated employees.)

Bulletin no. 22, United States Department of Labor. May, 1899. (Benefit Features of American Trade Unions.)

Report of the Massachusetts Commission on Old-Age Pensions, January, 1910. State Library, Boston, Mass.

Reports of the United States Commissioner of Education, vols. I and II, 1902, 1903, 1907, 1911, Washington, D.C.

Teachers' Pension Laws in the United States and Europe, 1911. Senate Document no. 823, 61st Congress, 3d Session. (Contains text of laws, abstracts, and tables showing essential provisions of existing systems of teachers' pensions.)

National Educational Association. Report of the Committee on Salaries, Tenure, and Pensions of Public-School Teachers in the United States. 1905.

Good general treatises —

CHARLES R. HENDERSON. *Industrial Insurance in the United States.* 1910. (Contains a mass of somewhat ill-arranged information.)

FRANK W. LEWIS. *State Insurance.* 1909. (An excellent brief treatise. Analytical rather than descriptive.)

HENRY A. SEAGER. *Social Insurance.* 1910. (A forceful argument for a radical plan of state insurance.)

Supplementary special works —

CHARLES BOOTH. *Pauperism and the Endowment of Old Age.* 1892.

CHARLES BOOTH. *The Aged Poor; A Proposal.* 1899.

JOHN GRAHAM BROOKS. *Compulsory Insurance in Germany.* (Special Report for United States Bureau of Labor, 1893.)

N. P. GILMAN. *A Dividend to Labor.* 1899.

Old-Age Pensions. (A collection of short papers, 1903.)

LEE W. SQUIER. *Old-Age Dependency.* 1912.

MAX RIEBENACK. *Railway Provident Institutions in English-Speaking Countries.* 1905.

W. SUTHERLAND. *Old-Age Pensions.* 1909.

W. F. WILLOUGHBY. *Workingmen's Insurance.* 1898.

APPENDIX

Selected magazine articles —

C. A. PROSSER. *Teachers College Record*, November, 1910.

F. SPENCER BALDWIN. *Quarterly Journal of Economics*, August, 1910; and in *Publications of American Statistical Association*, March, 1909, no. 85, and March, 1910, no. 89.

R. W. CHILD. *Everybody's Magazine*, September and October, 1909.

S. H. WOLFE. *Everybody's Magazine*, December, 1912.

HENRY W. FARNAM. *Yale Review*, vol. XIII, 1905.

B. J. HENDRICK. *McClure's Magazine*, December, 1908; also December, 1912.

FREDERICK L. HOFFMAN. *Publications of American Statistical Association*, March, 1909, no. 85.

FREDERICK L. HOFFMAN. *American Journal of Sociology*, September, 1908.

APPENDIX D

EXTENDED BIBLIOGRAPHY

Teachers' Insurance

The Health Risks of the Teacher —

PRATT, MARIA L. *The Nervous Tone of the Teacher.* National Educational Association Report. 1890.

FRANKENBERG, H. *Die Versicherungspflicht der Lehrer Archiv f. Sozial Statistik,* vol. 14, pp. 210–15.

Length of Teachers' Service. United States Commissioner of Education Report, 1904, p. 1277.

"Hygiene of Teachers," *Pedagogical Seminary,* vol. 11, p. 488.

"Hardships and Rewards of Teachers," *Cosmopolitan,* vol. 35, p. 92.

"The Pathology of the Teacher," *American Journal of Sociological Science,* no. 43, p. 143.

HALLE, A. S. *Die Alters- und Sterblichkeitsverhältnisse der Direktoren und Oberlehrer im Preussen.*

"Woman and the Strain of Professional Life," *Saturday Review,* vol. 96, p. 507.

"Woman in Marriage and Maternity," *Independent,* vol. 60, p. 624.

BURNHAM, WM. H. "A Contribution to the Hygiene of Teaching," *Pedagogical Seminary,* pp. 488–96.

Massachusetts State Board of Health Reports, 1896, p. 870.

"Effect of Study upon Morbidity of Woman," *American Journal of Obstetrics,* 1900, vol. 42, p. 767.

APPENDIX

WRIGHT, W. C. *Female Life Mortuary Experience, 1863–92*; prepared for New England Mutual Life Insurance Company.

BILLHARDT. *Die Leihrer Leipzigs*. Leipzig.

BINET. "Nouvelles Recherches sur la Consommation du Pain dans ses Rapports avec le Travail Intellectuel." *L'Année Psychologique*, Paris, 1900, vol. VI, pp. 1–73.

BOCKH, RICHARD, *und* KLATT, MAX. *Die Alters- und Sterblichkeitsverhältnisse der Direktoren und Oberlehrer im Preussen*. 1901.

See also studies in the hygiene of teachers, particularly female, made by Lexis, Goldhahn, Siegel, Wiehmann.

JACOBI, DR. MARY PUTNAM. *Rest during Menstruation*.

Report of Committee of Association of College Alumnæ. (On the health of college graduates [female]. 1885.)

HURTY, DR. J. N. "Tuberculosis and the Teaching Profession," *Educator Journal*, April, 1909.

Report of the National Association for Study and Prevention of Tuberculosis, 1907, pp. 108 *ff*.

A Handbook on the Prevention of Tuberculosis, pp. 45 *ff*.

SWIFT, E. J. "Effect of Study upon Eyesight," *Pedagogical Seminary*, October, 1907, p. 202.

Reports for State Insane Hospitals, giving percentage of inmates from various occupations. 1898–1908 inclusive, for Pennsylvania, New York, Connecticut, Massachusetts, North Carolina, Indiana, and Michigan.

United States Census Reports of 1900, giving for teachers and for workers in competing industries, deaths and death rates by sex, age, occupation, and conjugal condition.

DYKE, CHARLES B. Review of Dr. Shroeder's article on "Teachers' Salaries and Length of Life and Service," *Educational Review*, vol. 20, 1900, p. 90.

The Financial Risks of the Teacher —

Teachers' Tenure of Office: National Educational Association Report, 1899; United States Commissioner of Education Report, 1904, 1277 *ff.*, tables; *Education*, vol. 25, p. 207; vol. 18, pp. 338–423; National Educational Association Report, 1887, 307; Dutton and Snedden, *Educational Administration*, p. 256; National Educational Association Report of Committee on Salaries, Tenure, and Pensions, 1905; Indiana City Superintendents' Association, Report on same, 1904; W. MCANDREW, *Effect of Better Salaries on Teachers' Tenure.*

Wages and the Cost of Living: Report of the Minnesota Educational Association on Teachers' Salaries and Living Expenses, 1906; Winona (Minnesota) Normal Bulletin, ser. 3, no. 3; Report of the Wisconsin State Teachers' Association on Ways and the Cost of Living, 1904; Aldrich Report, vol. III, pp. 62–92; Report of the Massachusetts Educational Association, Teachers' Salaries and Living Expenses. "Wages of Teachers," *World's Work*, vol. 3, p. 1737; National Educational Association, Report of the Committee on Salaries, Tenure, and Pensions, 1905. Indiana City Superintendents' Association, Report on Salaries, Tenure, and Pensions, 1904.

WAITE, HENRY RANDALL. *Civil-Service Reform in the Public Schools*, National Educational Association Report. 1885.

Report of the Committee of Twelve on Rural Schools, 1897.

APPENDIX

Teaching as a Business for Man, National Educational Association Report. 1885.

"Pedagogical Trades-Unions," editorial in *Globe* (New York), December 28, 1906; National Educational Association Report, 1904, p. 145.

The Disappearance of the Male Teacher. United States Commissioner of Education Report, 1906, pp. x, 72; 1904–05, p. 9; Dutton and Snedden, chap. xv, p. 240.

Salaries of Teachers: University Quarterly, vol. 1, p. 111; *Outlook*, vol. 80, p. 805; *Nation*, vol. 80, p. 236; *Education Review*, vol. 27, p. 375; vol. 21, p. 444; *Education*, October, 1898; *Columbia University Quarterly*, March 1, 1899; United States Commissioner of Education Report, 1905, p. 67; 1906, pp. x, 303.

"The Relation of the Teacher to Trades and Professions," *Educational Review*, vol. 20, p. 217.

The Salary Question in European Countries: Education 1903–04, p. 1444; Reports of Bureau of Foreign Commerce, 1893, vol. 41, p. 96; vol. 36, p. 161; United States Consular Report from Kehl, May 15, 1908.

Dyke, C. B. "Economic Aspect of Teachers' Salaries" (1899), *Columbia University Contributions*, vol. 7, no. 2.

Harris, William T. "The Future of Teachers' Salaries," National Educational Association Report, 1905, p. 67.

The Efficiency of Teachers —

Cubberly, E. P. *The Certification of Teachers*, Fifth Year Book of the National Society for the Scientific Study of Education.

Dutton *and* Snedden. *Educational Administration*, chap. xv, on the "Teaching Staff."

FELMLEY, DAVID. *The Next Step in the Salary Campaign*, National Educational Association Report, 1906, p. 183.

JACKSON, WILLIAM R. *The Present Status of the Certification of Teachers in the United States*, United States Commissioner of Education Report, 1903, p. 463.

MCANDREW, WILLIAM. "Some Suggestions on School Salaries," *Educational Review*, vol. 23, p. 152.

VENABLE, B. *Higher Standards in the Employment of Teachers*, National Educational Association Report, 1904.

Legal Provisions of the Various States relating to Teachers' Examinations and Certificates, United States Commissioner of Education Report, 1897–98, p. 1659.

The Margin of the Unprepared. See Dexter's *History of American Education*, p. 391.

SCHEERMAN, PRES. "The Preparation of Teachers." *Forum*, vol. XXI, pp. 174–79.

SALMON, LUCY M. "Civil-Service Reform Principles in Education," *Educational Review*, vol. 25, p. 348.

DUTTON, S. T. *Expediency of Importing Teachers of Apparent Merit.* National Educational Association Report, 1904, p. 322.

COOK, J. W. *Providing Better Teachers*, National Educational Association Report, 1905, p. 180.

SEAVER, E. P. "Teachers and their Standing," *Educational Review*, vol. 16, p. 295.

LOWRY, C. D. *Professional Training and Improvement of Teachers.* In Seventh Year Book of the National Society for the Scientific Study of Education (Chicago).

EDSON, A. W. "Professional Improvement," *Education*, vol. 20, p. 129.

APPENDIX

Pleas for Teachers' Pensions —

CLARK, J. E. *Should Teachers be Pensioned?* National Educational Association Report, 1896, pp. 988–95.

Effect of Pensions on Stability of Employment, Bulletin of the United States Department of Labor, vols. 1–7, pp. 257, 358–59.

"Supply of Teachers." *Fortnightly*, vol. 71, p. 853.

KEYES, CHARLES H. *Teachers' Pensions*. National Educational Association Report, 1907, p. 103.

AYERS, DR. SAMUEL. *The State and the Teacher*. Number 13 of a volume of pamphlets, *Should the State Provide a Retirement Fund for the Teacher*, no. 4.

Retirement Fund for Teachers. Annual address delivered April 27, 1906; in the Annual Report of the Teachers' Provident Society.

ALLEN, ELIZABETH. *Teachers' Retirement Fund*. Philadelphia Teachers' Association, pamphlet.

DUTTON *and* SNEDDEN. *School Administration*, p. 270.

MCANDREW, WILLIAM. "Some Suggestions on Teachers' Salaries," *Educational Review*, 1904, p. 27.

TINDELL, MRS. EMMA. *The Economy of the Retirement Fund*. Philadelphia Teachers' Association; pamphlet.

BEST, LYMAN A. *Retirement Fund and Tenure of Office*. Bound pamphlets, New York City Schools.

Long Tenure and Efficiency. National Educational Association Report, 1885; Seventh Year Book, National Society for the Scientific Study of Education, p. 15.

ROGERS, HOWARD J. *Pensions of Teachers*. National Educational Association Report, 1903, p. 297.

MANLEY, E. "Compulsory Insurance for Teachers," *Educational Review*, vol. 23, p. 152.

SMITH, ANNA T. "Teachers' Salaries and Pensions," *Educational Review*, vol. 2, p. 335.

NELSON, C. A. "Bibliography of Salaries and Pensions," *Educational Review*, vol. 33, pp. 24-35, January, 1907.

Teachers' Compulsory Insurance in the United States — *Teachers' Pensions in the United States:* United States Commissioner of Education Report, 1902, vol. 2, p. 2369; 1906, p. 215; 1907, vol. 1, p. 448; Report of the Committee of Indiana City Superintendents' Association, 1908, p. 8; United States Bureau of Education Bulletin, no. 7, 1908; *Digest of Recent Pension Legislation*, pp. 147-70; United States Commissioner of Education Report, 1895, pp. 1079, 1343; *Educational Review*, vol. 2, p. 335.

State systems: —

New Jersey: School Law, art. xxv, sec. 213.

Rhode Island: National Educational Association Report, 1907, p. 107.

Virginia: School Laws, chap. 1468; quoted in Bureau of Education Bulletin, no. 7, p. 164 (1908).

Maryland: chap. 475½, art. 58.

Illinois: House Bill 843, p. 529, 1907; Bureau of Education Bulletin, no. 7, p. 147 (1908).

Indiana: School Law, chap. 170; Bureau of Education Bulletin, no. 7, p. 151 (1908).

Ohio: State Laws, secs. 3897 *ff*. See also Rules of the Cincinnati Board of Education.

Utah: School Laws, chap. 111; Bureau of Education Bulletin, no. 7, p. 165 (1908).

City systems: —

See last reports giving School Rules and Regulations for New York, Boston, Chicago, Detroit, Baltimore, Indianapolis, San Francisco, Cincinnati, Cleveland, St. Louis, Washington, Philadelphia; "The Boston Teachers' Retirement Fund," *Education*, vol. 20, p. 414.

APPENDIX

On Foreign Teachers' Pension Systems —

Italy: — United States Commissioner of Education Report, 1898–99, p. 846; 1902, vol. 1, p. 750; vol. 2, p. 2369; 1906, p. 81.

Germany: — United States Commissioner of Education Report, 1905–06, p. 209; 1904–05, p. 209; 1894–95; 1902, pp. 2369–71; 1907, vol. 1, pp. 456–61.

Great Britain: — School Teachers. Superannuated Rules (Scotland). In British Parliamentary Papers, 1899; Papers by Command, 9262, p. 62; Rules and Tables of Teachers' Provident Society, London, 1903; British Red Code, 1908; Hughes, *The Making of Citizens;* United States Commissioner of Education Report, 1894–95; 1902, pp. 2369–71; 1905, p. 209; 1907, vol. 1, pp. 456–61.

France: — Hughes, *The Making of Citizens;* United States Commissioner of Education Report, 1905, vol. 1, p. 67; 1902, pp. 2369–71; 1894–95; 1905, p. 209; 1907, vol. 1, pp. 456–61; 1104.

Norway: — United States Commissioner of Education Report, 1889–90, vol. 1, p. 499.

Sweden: — United States Commissioner of Education Report, 1888–89, vol. 1, p. 267; 1889–90, vol. 1, pp. 99–532; 1890–91, vol. 1, p. 216.

Austria: — United States Commissioner of Education Report, 1894–95, p. 1103.

Holland: — United States Commissioner of Education Report, 1894–95, p. 1103.

Belgium: — United States Commissioner of Education Report, 1894–95, p. 1104.

Russia: — United States Commissioner of Education Report, 1890–91, p. 216.

Denmark: — United States Commissioner of Education Report, 1889–90, vol. 1, p. 532.

Hungary: — United States Commissioner of Education Report, 1894–95, p. 1103.

Old-Age Pensions —

The Case against Pensions, Report of Royal Commission on Aged Poor. Parliamentary Papers, 1895, vol. 14, p. 15.

CLARKE'S *Labor Movement in Australia.*

LLOYD'S *Country without Strikes.*

BROOKS, JOHN GRAHAM. *Workingmen's Compulsory Insurance.*

DRAGE, GEOFFREY. *The Problem of the Aged Poor.*

BOOTH, HON. CHARLES, Report. *The Aged Poor; Old-Age Pensions and the Aged Poor; The Endowment of Old Age.*

STRACHEY, JOHN M. *The Manufacture of Paupers.*

BURT, THOMAS. "Old-Age Pensions," *The Nineteenth Century*, September, 1906, p. 377.

Effect of Old Age on Pauperism, Journal of the Royal Statistical Society, 1891, vol. 54.

LOCKE. *Old-Age Pensions.*

Blue Book. Parliamentary Papers, 1907.

SUTHERLAND, W. *Old Age Pensions in Theory and Practice.* 1907.

SPENDER, HAROLD. "The Government and Old-Age Pensions," *Contemporary Review*, 1908, nos. 93, 94, p. 107.

METCALFE, JOHN. *The Case for Universal Old-Age Pensions.* 1899.

JONES, G. "Old-Age Pensions in England," *Review of Reviews*, 1908, vol. 38, pp. 345–46.

HOFFMAN, F. L. "The Problem of Poverty and Pensions and Old Age," *American Journal of Sociology*, 1908, vol. 14, pp. 182–96.

HENDERSON, C. R. *Industrial Insurance*, 1909. Sum-mary of European Laws on Industrial Insurance, *Charities*, 1907, vol. 19, pp. 1191–1203.

HATSCHEK, J. *Das englische Pensionsrecht der Staatbeamten, Jahrbuch für Gesetzgeburg.* 1906, vol. 30, pp. 687–93, 30, 267–73.

DAWSON, W. H. *The German Workman*, chap. XV, 1906.

BELLOM, MAURICE. *Les Lois d'Assurance Ouvrière à l'Etranger*, livre III (2 tomes). 1905–06.

Encyclopedia of Social Progress. Bliss, 1908. Funk & Wagnalls.

Insurance of Workingmen. Report of Massachusetts Bureau of Statistics of Labor, 1900, Part II.

Old-Age Pensions. (A collection of short papers), 1903.

"Old-Age Pensions," *Quarterly Review*, 1908, vol. 209, pp. 144–67.

"Old-Age Pensions in France," *Independent*, 1908, vol. 64, pp. 661–62.

Report of the Departmental Committee on Old-Age Pensions. British Parliamentary Reports (sessional papers), 1898, vol. 45.

Report of Select Committee on Aged Deserving Poor, British Parliamentary Reports, 1899, vol. 8.

Report of Select Committee on the Aged Pensioner's Bill. British Parliamentary Reports, 1903, vol. 5.

The Economic Aspects of Compulsory Insurance —

See list of references given under Old-Age Pensions.

DAVIDSON'S *Bargain Theory of Wages.*

"The Theory of Wages." Chapter XLIX in Neanry and Watson's Economics.

"Economic Aspect of Teachers' Salaries," *Columbia University Contributions*, Philadelphia, vol. 7, p. 2.

"The Relation of the Teacher to Trades and Professions," *Educational Review*, vol. 20, p. 217.

McAndrews, W. A. "Theories of Salaries Discussed," *New York Education*, October, 1898.
Willoughby's *Workingmen's Insurance.*
Brooks, John Graham. *German Workingmen's Compulsory Insurance.* Special Report of the United States Commissioner of Labor, 1896.
Seligman. *Principles of Economics.*
Ely, R. T. *Introduction to Political Economy* (1889); *Outlines of Economics* (1893).
Gunton, George. *Principles of Social Economics.*
Cairnes. *Some Leading Principles of Political Economy.*
McCulloch, J. R. *Principles of Political Economy.*
Mill, J. S. *Principles of Political Economy.*
Walker, F. A. *Political Economy.*
MacLeod, H. D. *Dictionary of Political Economy.*
Commons, J. R. *Trades-Unionism and Labor Problems.*

APPENDIX E

The Wisconsin Teachers' Pension Law of 1911 has not been discussed in this monograph, because of the uncertainty that prevails regarding the final outcome of that act. The writer is informed that "a strong effort is being made for the repeal of the law."

When the system was established, all teachers except teachers in the city of Milwaukee were permitted to join the retirement association. On and after June 12, 1911, all new teachers were compelled to join. There is no requirement as to age, but twenty-five years' service, eighteen of which must have been in the state, are required for retirement. A teacher may retire if incapacitated any time after eighteen full years' service in the state. Quarterly payments are made on an annuity at the rate of $12.50 per year for each year of service, not exceeding $450. Teachers of less than ten years of service pay one per cent of their salary into the annuity fund. Teachers of over ten years' service pay two per cent. The state annually adds, from the school mill tax, ten cents for each person of school age in the state. The fund may be augmented by gifts, legacies, and accumulated interest. Management is vested in a board of five trustees, consisting of three members elected by prospective beneficiaries, the state treasurer and the state superintendent of instruction. No retirement age is prescribed. The annuity constitutes a service pension. If the teacher withdraws from service, he receives one half the amount paid in. No provision is made for any refunds in case of death.

OUTLINE

I. PRESENT EXTENT OF TEACHERS' PENSIONS AND ANNUITIES[1]

[1] The reader should keep clearly in mind the distinction between "annuity" and "pension."

OUTLINE

IV. A MODEL RETIREMENT LAW

V. GETTING LEGISLATION

APPENDICES